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NEWS SUMMARY

GENERAL

Rhodesia to lift martial law soon

Martial law affecting more than 90 per cent of Rhodesia will be lifted within the next few days after a fall in the level of violence.

The news came as a further 2,000 guerrillas reported to assembly places, and all but one of the remaining 1,279 prisoners held without trial under martial law have been released.

The moves reflect a steady return to stability in the wake of the electoral victory of Prime Minister Robert Mugabe. Back Page and Soames options, Page 3

Snow hits North

Blizzards swept many parts of Britain with more than eight inches of snow falling in the North. A lorry driver was killed when his vehicle jack-knifed and overturned on the M6 motorway near Wolverhampton.

CIA assistance

Left-wing members of Labour's executive released a letter detailing CIA assistance to right-wing groups in a move to counter the Underhill report on Trotskyist infiltration.

Print union fined

West Germany's printing union I. G. Druck und Papier was fined DM 58,200 (£14,500) for preventing The Times from printing a weekly edition in Frankfurt.

Diplomat escapes

Uruguay's envoy to Colombia leapt from the second floor of the Dominican embassy in Bogota to escape left-wing guerrillas who had been holding him and some 29 others hostage for three weeks.

Tube protest

London's Underground workers have declared five stations "no go" areas and will shut them for 26 hours this weekend in protest at lack of protection against violence.

It's curtains

Actors and actresses at several West End and provincial theatres told their audiences that government spending cuts could lead to theatre closures and fewer productions and jobs. Page 8

Potholer dies

Ian Plant, 31, one of Britain's most experience potholders and a member of cave rescue teams, was found dead in a flooded underground cave in the North Pennines.

Crucial primary

U.S. presidential primary elections in Illinois today are crucial to the White House hopes of Senator Edward Kennedy, Mr. George Bush and Congressman John Anderson. Page 4

Second poll likely

Iran is likely to face a second round of elections on April 3 as few candidates in last Friday's voting have won the required absolute majority Page 3

Greens' success

West Germany's anti-nuclear Ecologists' Party—the Greens—won six of the 124 seats in the Baden Wuerttemberg state poll, but if they repeated their success in the general election they would hold the balance of power between major parties. Page 2

Briefly . . .

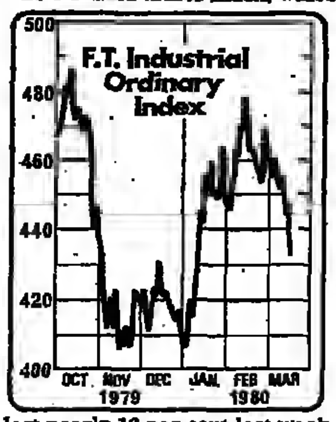
President Tito was undergoing continued intensive treatment. His condition was still very grave.

Accra Zoo is having problems—most of its animals have died of old age.

BUSINESS

Equities and gilts fall; £ easier

● EQUITIES were depressed by several factors including the bullion price fall which hit South African mines hardest. The FT Gold Mines index, which lost nearly 19 per cent last week, dropped 15.2 to 271.3. The FT 30-share index fell 6.7 to 433.2.



● GILTS were slightly easier with losses generally only ¼ ranging to ½ in shorts. The FT Government Securities index shed 0.07 to 64.15.

● DOLLAR rose sharply to DM 1.8745 (DM 1.8325) and SwFr 1.7890 (SwFr 1.7540) and its index rose to 89.4 (88.3). STERLING eased 2.95 cents to $2.1850 ($2.2145), but moved only slightly in terms of European currencies. Its index was 72.2 (72.3).

● GOLD fell $51 to $479 in London.

● WALL STREET was 7.77 lower at 803.92 just before the close.

● CAMBRIDGE ECONOMIC Policy Group has warned the Government that present policies based on a strong pound and absence of import controls will permanently weaken UK. Page 8

● JAPAN'S current account deficit fell in February to $1.24bn (£559m) from January's record $3.37bn. Page 3

● THE GOVERNMENT has set tough financial targets for British Rail's loss-making freight business and its successful passenger service. Page 9. Injunction against BR, Back

● OCCIDENTAL PETROLEUM has decided to cut output from the Piper Field in the North Sea by 25 per cent for six months. Back Page

● WEST GERMAN textile industry's new orders fell 2.5 per cent in the last quarter of 1979 compared with 1978, causing concern for the sector in the current year. Page 2

● UK has little chance of exporting the Advanced Passenger Train, according to a study by a working party of the Advisory Council for Applied Research and Development. Back Page.

LABOUR

● RAILWAYMEN'S UNION is advising the TUC to call a one-day strike on May 14 in protest at the Government's economic and labour policies. Page 9

COMPANIES

● SONY CORPORATION of Japan increased its net profits for the first quarter to January 31 by 342.6 per cent to a record Y19.53bn (£35.5m) from Y4.41bn previously. Page 29

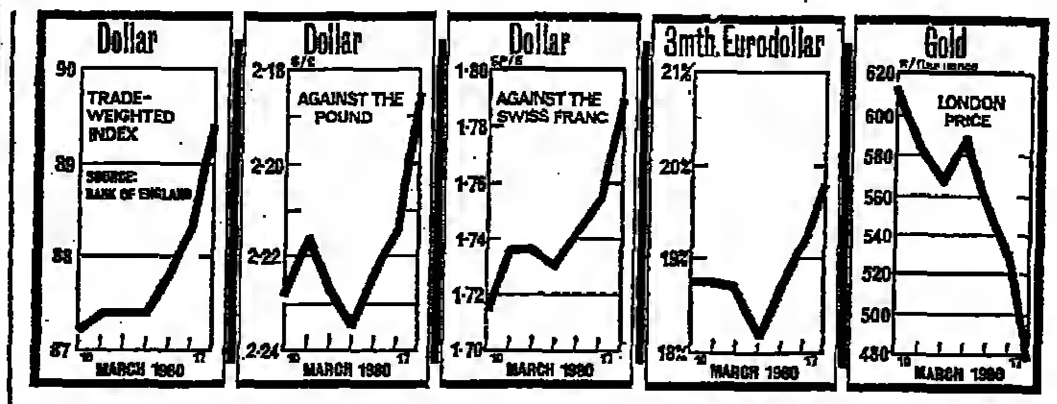
● BARRATT Developments, the housebuilders, increased turnover and raised its profits for the half-year to December 31, 1979, before tax to £11.51m (£8.16m). Page 25; Lex, Back Page

● BTR, the general rubber manufacturing group, reports that in 1979, despite industrial disruption which cost £4m, group profits rose 43 per cent to £57.2m (£40.1m). Page 24; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Midland Bank	322	− 8
Channel Tunnel	220	+ 90	Sotheby's	448	− 17
Furness Withy	390	+ 5	SA Breweries	111	− 9
Guthria	777	+ 12	Tavener Rutledge	22	− 4
			Tube Invs.	276	− 6
FALLS			Utd. City Merchants	26	− 3
Excheq. 11½pc '84	£88½	− ½	Burmah Oil	194	− 11
Barclays Bank	412	− 6	Siebens (UK)	525	− 55
Barker and Dobson	18	− 4	Cons. Gold Fields	456	− 20
Berec	180	− 6	Durban Deep	£10½	− 1½
Blue Circle	290	− 6	Gold Fields of SA	£31½	− 2½
De La Rue	602	− 18	Gold Mn. Kalgoorlia	175	− 23
Fairview Estates	230	− 8	Kinross	435	− 60
GKN	250	− 10	Leichardt Explor.	215	− 25
Haslemere Estates	296	− 10	RTZ	344	− 16
Inveresk	34	− 4½	Rusteoburg Plat.	197	− 17
Johnson Matthey	260	− 7	Samantha	58	− 8
Ladbroke	134	− 6	Selection Trust	664	− 42
Lonrho	90	− 6	Sthn. Pacific Pet.	575	− 112
MEPC	188	− 7	Ventersport	458	− 72
Meyer (Mont. L.)	112	− 5	Welkom	515	− 63
			Winkelhaak	£10½	− 1½



Carter's measures send dollar soaring

BY DAVID MARSH

President Carter's anti-inflation package received a resounding welcome from the foreign exchange markets yesterday as the dollar made further sweeping gains and the gold price plunged $51 an ounce to $479, its lowest level since Christmas.

Supported by rising Euro-dollar interest rates, which touched a record 20 per cent in London, the dollar rose by about 2 per cent against the Deutsche Mark and other leading Continental currencies despite continued central bank intervention aimed at braking its strength.

With the gap between U.S. and West German interest rates now more than 10 per cent, the West German Bundesbank and other European central banks may be forced into further defensive interest rate increases to shore up their currencies if the dollar's strength persists.

Buttressed by high UK interest rates and the backing of North Sea oil, sterling held up fairly well yesterday.

It fell almost 3 cents against the dollar to close at $2.1850, but firmed against Continental currencies and finished only fractionally lower on a trade-weighted basis.

The Bundesbank sold $42.6m at the official Frankfurt fixing yesterday, and was thought to have intervened substantially at times throughout the day.

But central bank intervention to hold down the dollar generally has become more restrained since the first week of March, when the authorities in Europe and Japan spent an estimated $5bn defending their currencies.

Gold touched a low of $474 at one point as selling pressure built up from investors forced away from bullion by rising interest cost of holding the metal.

It has fallen $160 since the start of the month and is about $370 below its record highs two months ago, but is still more than $200 higher than this time last year. At these levels, gold could again attract demand from the jewellery industry.

The dollar closed in London at DM 1.8745 (DM 1.8325) and at SwFr 1.7890 (1.7540), taking its rise against these two currencies since the start of the month to more than 6 per cent. Its trade-weighted index rose to a new 21-month high of 89.4 (88.3).

Within the European Monetary System the Belgian franc, which received large-scale support from the Belgian National Bank last week, firmed slightly away from its lowest permitted levels, which it touched last week.

But the foreign exchange market still expects Belgium to raise further its 12 per cent discount rate to withstand a devaluation.

Sterling fell to $2.1660 at one stage but later recovered, with the Bank of England giving small-scale support. Its trade-weighted index finished at 72.2 (72.3).

John Edwards, Commodities Editor, writes: There were heavy falls in platinum and silver following the downward trend in gold. But base metals

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Other reactions, Page 4
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U.S. may consider tax cuts if Budget balances

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER said yesterday he would consider proposing tax cuts once he is sure next year's Federal Budget is going to be in balance.

Defending his new anti-inflation package in a speech to civic officials from around the country who stand to be most affected by Budgetary austerity, the President said any tax concessions must be designed to stimulate investment, productivity and savings.

"Now is a time for discipline—for all of us—and not a time for the promises of politics as usual," he said.

Earlier, a similar message had been delivered to Congress by Mr. Carter's adviser on inflation, Mr. Alfred Kahn, with the slight twist that Mr. Khan said the Administration would consider tax cuts if the economy were plunged into a deep recession.

Mr. Kahn was careful to stress that he did not think the new measures would induce a severe recession. But he said the potential for a sharp downturn in the economy was greater "the longer it takes to control inflation."

At the weekend, officials had warned that even selective tax reductions designed to assist businesses would not be proposed until there was evidence that the anti-inflation package was working.

But a number of influential Congressmen, including leaders of the House Budget Committee, hava tentatively suggested that the proceeds from the oil import fee which the President is levying could be used to finance tax cuts rather than, as Mr. Carter wants, to act as a guarantee that the 1981 Fiscal Year Budget will end up in balance.

According to the package, the Budget is projected to be in balance, or to show a small surplus, without lumping the oil fee revenues on the income side of the Treasury's balance sheet. But the margin for error is small, particularly given uncertainty over the performance of the economy and doubt over whether Congress will pass the proposed withholding tax on interest and dividends.

£ in New York

—	Mar. 14	Previous
Spot	$2.2085-2095	$2.2225-2235
1 mnth	0.55-0.45 prem	0.10-0.15prem
3 mths	0.50-0.60 prem	0.37-0.42prem
12 mths	0.60-0.75 prem	0.05-0.15prem

BL prepares forced settlement

BY ALAN PIKE, LABOUR CORRESPONDENT

BL CARS was last night faced with having to impose its disputed 5 per cent pay and conditions package on a workforce which has rejected it in a ballot.

The last hope of a negotiated solution disappeared when day-long talks with national union officials and shop stewards in London broke down. Management representatives will consider the mechanics of imposing the package unilaterally over the next few days and then give the unions a formal five-days' notice of the company's intentions.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, warned that imposing the 92-page document containing the company's proposed changes in working practices would "create conflict to such a degree that it will not be worthwhile to BL."

It will be another testing time for Sir Michael Edwardes, BL chairman, and his management team, which recently outfaced the unions over the recovery plans for the company and the dismissal of Mr. Derek Robinson, communist convenor at Longbridge.

Shop stewards were told yesterday that the company would, if necessary, consider changing individual workers' contracts of employment. One possibility would be to decree that all employees who reported for work as usual on a particular day would be deemed to have accepted the changes.

Mr. Ray Horrocks, managing director of BL Cars, said imposing the package was the only option left open to the company. The unions, he said, had been "asking for money that we have not got and therefore cannot give."

More foreign deals likely, Back Page

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For latest Share Index 'phone 01-246 8026

STEEL: BSC VOTE . . . IMPORTS STILL HIGH

Ballot to go ahead

By Christian Tyler, Labour Editor

THE BRITISH Steel Corporation seems almost certain to go ahead with a second ballot of its striking employees to find out if they will accept its "final" pay offer of 10 per cent at national level with another 4 per cent in return for reduction in manning negotiated locally.

Most of the preparations for a ballot have already been made and the poll could be completed by the end of next week.

The corporation's offer was firmly rejected last night by the 60 negotiators of the main steel union, the Iron and Steel Trades Confederation. Nor is there any likelihood that the ISTC or its ally, the National Union of Blastfurnacemen, will accept the BSC's invitation to conduct their own poll.

The next step will be formally decided by the executive committees of the unions today. There was no definite recommendation from the ISTC negotiating committee last night, but the signs are that the two main unions will reaffirm their decision to intensify the strike by picketing BSC customers and let the BSC go ahead with its ballot.

Delegates said last night that support for the strike was still firm even though it has now lasted 11 weeks. Some said that any attempt by the corporation to organise a return to work in the event of a favourable ballot would be met by big picket lines at steelworks' gates.

Today's meeting of the executives will also discuss moves by some areas to have safety cover withdrawn. The ISTC has been reluctant so far to consider that option since it would take months for the works to resume if the linings of blastfurnaces fell in.

Leaders of craft and general unions will also be debating their position today. Some may argue for a ballot and others for mediation at a meeting of leaders of all 13 unions planned for tomorrow.

But there seems to be no prospect of the ISTC and NUB, which account for more than two-thirds of the strikers, being tempted by the prospect of mediation or arbitration.

Sir Charles Villiers, BSC chairman, said the corporation would hold a ballot if the unions totally rejected the offer, refused to hold their

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Injunction against British Rail, Back Page

Blockade has little success

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

IMPORTS of steel into the UK have reached more than 80 per cent of last year's level in spite of pickets' attempts to blockade major ports during the current national steel strike.

This is shown in the February trade figures, published yesterday, which confirm that the UK remains in substantial deficit on the current account of its balance of payments. But there has been a marked improvement in exports during recent months.

The 11-week-old steel strike has had only a slight adverse effect so far. Import figures, which closely reflect goods shipped during the calendar month, show a decline from average monthly purchases of steel of £108m between September and December last year to £85m in January and £96m in February.

Export figures are generally collected after a fortnight's delay. Sales fell from an average of £112m at the end of last year to £107m in January and £63m in February.

This change was dwarfed by a £260m deterioration in the balance of trade in the more erratic items such as ships, North Sea rigs, aircraft and precious stones and by an even larger improvement in other items, especially exports of finished manufactured goods. The result was a decline in the current account deficit from £271m to £176m between January and February.

In the three months to February, however, the current deficit was £676m, compared with £571m in the September-November period. The rise is more than accounted for by an increase in the oil deficit caused by the higher price of crude oil and by a deterioration in the balance on erratic items.

Excluding these items, exports rose by 2½ per cent during the period while imports increased by only ½ per cent. This occurred in spite of the strength of sterling and a major decline in the competitive position of UK goods since 1977.

The strength of exports particularly of manufactured goods can be partly explained by the continued high level of demand and activity to date in major UK export markets, such as the U.S. and EEC. Sales to the oil-producing countries, which were depressed last year, have also picked up.

Exports to Iran last month were £45m, compared with an average of £19m last year, while sales to Nigeria last month totalled £89m (£53m).

On the import side, the start of the UK recession and an associated desire to cut existing high levels of stocks resulted in a fall of 5 per cent in the volume of purchases of basic materials and of chemicals on a three-month comparison.

Imports of some consumer goods have also declined in recent months, although car imports between December and February were 8½ per cent higher than in the previous three months.

No one in Whitehall is being especially optimistic about the improvement in the balance in manufactured goods since the overall current deficit is still very large

Details, Page 8

BALANCE OF PAYMENTS CURRENT ACCOUNT
£m seasonally adjusted

		Visible trade	Invisibles	Current account
1979	1st	−1,588	+373	−1,215
	2nd	−486	+176	−310
	3rd	−493	+255	−238
	4th	−745	+71	−674
	Oct.	−418	−24	−394
	Nov.	−75	+24	−51
	Dec.	−252	+23	−229
1980	Jan.	−321	+50	−271
	Feb.	−226	+50	−176

Source: Department of Trade

Lonrho bid abandoned

BY CHRISTINE MOIR

MR. GRAHAM Ferguson Lacey, a 30-year-old share dealer, and company investor has abandoned efforts to buy a 20 per cent stake in Lonrho.

After seven weeks of negotiations he said yesterday that discussions with Gulf Fisheries, owner of the £40m stake, had been "mutually terminated."

Last Friday he said discussions were "proceeding smoothly."

Yesterday they were terminated after another meeting with representatives of Sheik Nasser al-Sabah, the Kuwaiti who controls Gulf. No reasons were given.

Throughout discussions Mr. "Tiny" Rowland, Lonrho chief executive, let it be known he would not welcome Mr. Ferguson Lacey to his board.

Once, Gulf held a Lonrho board-room seat, but the sheik resigned, then tried unsuccessfully to get representation again.

Yesterday Mr. Paul Spicer, a Lonrho director said: "We could have told you the negotiations would founder. We have known the sheik for a long time. He's only about 30 and he likes playing games."

FRANCE AND UK STILL FAR APART ON EEC BUDGET

Schmidt fails in bid to bridge gulf

BY JONATHAN CARR IN BONN

THE GULF between the French and British positions in the EEC budgetary dispute remains wide despite new efforts by Herr Helmut Schmidt, the West German Chancellor, to help bring about a compromise.

Herr Schmidt is understood to have stressed in talks on Sunday evening in Hamburg with President Valery Giscard d'Estaing that Europe could not afford a crisis over the budget in addition to the turmoil over Afghanistan. But an official close to Herr Schmidt could not confirm that the discussions had made agreement on the budget issue more likely when the European Council meets in Brussels on March 31 and April 1. His judgment was simply that they had reduced the possibility of a disaster at that meeting.

Britain is demanding a big cut in its net budget contribution this year, on grounds that it will be paying more than any other member state, although its per capita income is among the lowest in the Community.

The Sunday talks in Herr Schmidt's Hamburg home—which covered Afghanistan and East-West relations as well as the budget issue—followed discussions between the Chancellor and Mrs. Margaret Thatcher, the British Prime Minister, in London late last month. Further German-British talks will be held in London next week.

These contacts are aimed at seeing how far the standpoints of Paris and London—which are seen as the two poles in the dispute — might be brought together. If they are not, the West Germans fear that continued discord on the budget will spill over to affect not only other internal EEC matters but also Europe's efforts to reach a joint response to the Afghanistan crisis.

John Wyles adds from Brussels: Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, was yesterday encouraged to offer an up-beat assessment here of the prospects of settling Britain's claim for a substantial reduction in its net contribution to the EEC budget. His assessment followed a "deafening silence" with which his remarks on the subject were greeted by his fellow Economic and Finance Ministers.

The Chancellor acknowledged that their dumb reaction to his asserted statement that the budget problem could and should be settled at the European summit here in two weeks' time may conceivably have reflected deep divisions between Britain and her EEC partners. But he thought not, and believed that the other eight EEC states were anxious for a solution.

For those seeking any possible changes in the UK's negotiating position, the Chancellor's news conference after the Council of Ministers' meeting did not reflect a government demand for a final settlement of its demands at the Brussels summit. Neither did it reject the demands from the French Government that a settlement should be linked to a resolution on other problems, notably sheep meat, fisheries and general agricultural questions.

Yesterday's brief meeting also noted the European Commission's latest economic forecast for the Community which, as previously reported, sees a fall in economic growth from 3.3 per cent to just under 2 per cent.

COUNT Otto Landsdorff, the West German Economics Minister, failed to fully satisfy Polish requests for general purpose credit guarantees during a one-day visit yesterday, writes *Christopher Bobinski* in Warsaw. His offer of guarantees for credits worth DM 500m. disappointed the Poles, who had said they needed DM 2bn, but the Minister explained that West German regulations did not permit such guarantees. The guarantee for the DM 500m credit, which is half repayable over three years and half over five, was an exception made this year for Poland and there were possibilities of further guarantees for specific investment projects. A list of 19 such projects is now being prepared by the Poles.

Trade gap widens in France

By Robert Mauthner in Paris

FRANCE SUFFERED another heavy seasonally-adjusted trade deficit of FFr 4.26bn (£450m) in February, bringing the accumulated shortfall since the beginning of this year to nearly FFr 8.9bn (£950m), only marginally less than the total deficit for 1979 of FFr 10bn.

Over the past three months the average monthly deficit came to FFr 3.3bn, some FFr 2.9bn more than during the same period 12 months ago.

According to the French Trade Ministry, the high price of imported energy was again responsible for much of the deficit. The February energy bill totalled FFr 9.4bn (£1bn) some FFr 3bn higher than during the same month of 1979, while the average price for one tonne of imported crude oil was as much as twice as high as at the beginning of last year.

The Trade Ministry admitted, however, that high energy prices do not tell the whole story and that imports of other products have also been rising by leaps and bounds. Thus, imports of capital goods reached FFr 6.7bn last month, some 19 per cent up on the same period of 1979.

Imports of cars and lorries also jumped by 34 per cent to FFr 3bn, while imports of household durables and other consumer goods rose by 36 per cent to more than FFr 7bn.

More encouraging was the continued progress of exports, which rose by 3.1 per cent in February compared with the same month last year. They have increased by more than 19 per cent over the past 12 months.

Berlinguer to visit China as relations improve

BY PAUL BETTS IN ROME

CHINA HAS invited the Italian Communist party leader on an official visit next month for the first time in 20 years. This represents a milestone in the two parties' relations which have been severed for two decades, and is the culmination of efforts to normalise relations.

Sig. Enrico Berlinguer, the Italian Communist chief, had informal talks with Chairman Hua Guofeng in Rome during the Chinese leader's state visit last year. Several Italian Communist delegations were subsequently invited to China, and for the first time the Italian Communist congress last year was given ample coverage in China.

Relations between the two parties were broken 20 years ago when China accused the Italian Communists of a "revisionist" attitude towards Marxism-Leninism and maintaining too close a link with the Soviet Union.

But in the past few months, Peking appears to have looked with favour at the Italian party's condemnation of the Soviet invasion of Afghanistan.

However, the Italian Communists have gone to some pains in the past 48 hours to emphasise that Sig. Berlinguer's visit is not the beginning of an alliance between them and the Chinese against Moscow.

Sig. Giancarlo Pajetta, the veteran Italian Communist leader who was the last representative of the party to lead an official delegation to Peking, stressed that the visit was part of the gradual thawing of relations. But it is bound to have significant repercussions in Italy as it appears to be further evidence of the Italian party's efforts to affirm its independence from Moscow.

SNIA VISCOSA, a leading Italian synthetic fibres manufacturer, has temporarily closed its polyester yarn facility at Naples because cut-price U.S. imports are swamping the home market, writes Rupert Cornwell. The 800 workers at the very modern plant were being laid off as a result of the continuing polyester yarn crisis.

Cossiga prepares to step down

BY RUPERT CORNWELL IN ROME

THE ITALIAN Prime Minister, Sig. Francesco Cossiga, will open a parliamentary debate tomorrow which is likely to deliver the coup de graca to his seven-month-old minority Administration. However, as the familiar machinery of consultations moved into action again over what will be Italy's 42nd government crisis since the fall of Fascism, political events were over-shadowed temporarily by another terrorist killing.

The victim, 52-year-old Dr. Nicola Giacumbi, Public Prosecutor of Salerno, was shot dead near his home in the city, 40 miles south of Naples. He is the thirteenth magistrate to die at terrorist hands since 1976.

By yesterday, several far left groups had claimed responsibility for the killing which marked one of the first serious terrorist incursions into the south of Italy.

Sig. Cossiga, meanwhile, yesterday saw President Sandro Pertini and the heads of both Houses of Parliament to discuss the Government crisis. The Prime Minister's formal resignation is expected on Thursday, at the end of what is likely to be a two-day debate.

There appears to be two possible solutions for a new government, whose formation is likely to be particularly difficult. Matters are complicated further by the looming regional poll, which is virtually a mini-general election and is due between mid-May and mid-June.

The most stable—and less likely—formula is a coalition of the "left-centre," headed for the first time since the war by a Socialist and embracing the small Republican, Social Democrat and Liberal parties, as well as the long-ruling Christian Democrats.

The other option is another, essentially holding, government headed by the Christian Democrats and supported directly or indirectly by the Socialists and Republicans. However, matters are uncertain and jealousies not only between, but within, the parties concerned could make a new general election inevitable. It would be the fourth since 1972.

Soviet economic performance picks up

BY DAVID SATTER IN MOSCOW

THE SOVIET ECONOMY performed much better during the first two months of this year than during the comparable period of 1979 when production was hampered by bad weather.

The weekly Ekonomicheskaya Gazeta reports that industrial production rose 6.3 per cent in January and February compared with the first two months of 1979 when the results were so bad that they were not published.

Productivity rose 5.3 per cent and Ekonomicheskaya Gazeta says that republics and most industrial ministries met their targets.

The 1980 industrial production goal is a 4.5 per cent increase and the figures, which assume very poor results for January and February of 1979, suggests that, with the boost in production in the first two months of this year, Soviet industry is on target.

The Soviet Union blames a poor overall economic showing in 1979 on the effects of severe weather at the start of the year and there is some support for this view in the latest figures. Soviet industrial production as a whole rose only 3.4 per cent in 1979, the lowest such increase since the Second World War.

Ekonomicheskaya Gazeta reports that Soviet oil and gas production both exceeded their targets. Oil production increased 5 per cent compared with the first two months of 1979 and gas production went up 8 per cent. Although production rose of coal, iron and steel, they were below target.

BADEN-WUERTTEMBERG POLL

'Greens' show they mean business

BY ROGER BOYES IN BONN

THE LEADERS of West Germany's major political parties managed on Sunday night to break briefly out of the post-election television studio formula of guarded optimism and repressed disappointment to agree on one thing: the small, anti-nuclear Ecologists' Party now has to be treated as a serious political force.

This was the logical lesson to be drawn from the Baden-Wuerttemberg state elections at the weekend, where the Ecologists secured 5.3 per cent of the vote. This surprisingly high result will give the Ecologists — known as the Greens—six seats in the state Parliament.

The key question is whether they can repeat their success at the October general elections. If they do, they could well end up holding the balance of power between the two major parties. There is a good case, however, for regarding the Greens' victory in Baden-Wuerttemberg as a one-off affair, essentially a protest vote against the two large parties. The Christian Democrats were, as expected, returned to power with an absolute majority — but their share nonetheless dropped by over 3 per cent, to 53.4 per cent. The Social Democrats also saw their modest 33.3 per cent stake drop slightly, to 32.5 per cent.

The protest element was clearly apparent in a detailed breakdown of voting behaviour, which showed considerable losses for the Christian Democrats—and gains for the Greens—in constituencies being defended by state ministers. Even Herr Lothar Spaeth, the Christian Democrat state premier, lost a small section of his following in his native constituency.

For Baden-Wuerttemberg's Social Democrats, the protest factor is especially disturbing. After all, Herr Erhard Eppler, the Social Democrat Party chairman, has been advocating some policies which are remarkably similar to those of the Greens — anti-nuclear, low growth, alternative energy. At the same time, though, the vote will probably be mildly encouraging to Chancellor Helmut Schmidt, who pushed through a policy of qualified support for nuclear power at the Social Democrat's party conference last year, against the opposition of Herr Eppler and the left wing.

But the problem with protest votes—as Herr Willy Brandt, the party's national chairman pointed out—is that they often evaporate at national elections. Specific regional factors certainly seem to have helped the Greens to victory: for example, the high number of university students in the state certainly contributed to their wins in Freiburg and Tuebingen, and the party has benefited from the many citizens' action groups which provided a type of party infrastructure in the state.

The Greens are aware of all this, but believe such local issues, as opposition to nuclear power stations are often indistinguishable from national issues. The Greens won four seats recently in the Bremen City-State Senate, and also for the first time won seats in local council elections in lower Saxony at the weekend.

The Baden-Wuerttemberg gains are far more significant. Bremen is a traditional Social Democratic state; but many vaguely left-wing groupings backed the Greens. By contrast, Baden-Wuertemberg is a Christian Democrat stronghold. It is also particularly strong economically, and the electorate, could hardly have been expected to be won over to the Greens' zero-growth policies.

So there might indeed be a "Green threat" to the major

Herr Erhard Eppler (above) yesterday resigned as Social Democratic leader in the state. He said he was drawing the personal consequences of his party's disappointing showing in the election.

parties, and certainly all three huddled in their headquarters yesterday to analyse the Ecologists' impact. The one person who can afford a certain complacency is Herr Franz Josef Strauss, the Opposition contender for the Chancellorship, and Premier of Bavaria, which borders Baden-Wuerttemberg.

Bavaria has least to fear from the Greens, who have little support in the state outside Munich. But, most importantly, if the Greens manage to captura more than 5 per cent of the vote in national elections, it may help Herr Strauss into the chancellorship, either by eroding the vote of the Social Democrat's coalition partner, the Free Democrats, or through a direct alliance with the Bavarian leader.

There seems little chance at present of an alliance. Although the Greens have some former Christian Democrats in their ranks, the substantial left-wing element would balk at a link with Herr Strauss, the bugbear of most German left wingers.

The Greens, in any case, have a lot of work to do before they can contemplate seriously contesting the national elections. Two more state elections in rapid succession — in the Saarland and in North Rhine Westphalia—will put pressure on the party's resources. Their funds—compared with the Free Democrats, for example—are limited, they do not yet have a comprehensive election programme and the party structure is somewhat ramshackle.

Concern at textiles orders fall

By Kevin Done in Hamburg

NEW ORDERS received by the West German textiles industry began to fall in the last three months of last year, causing concern about production prospects in the sector in the second half of 1980.

In the first nine months of 1979 new orders were running at about 4 per cent above the previous year's level, but demand started to weaken in the last quarter with new orders 2.5 per cent down on the final three months of 1978.

The trend accelerated towards the end of the year with new orders 3.1 per cent down in December. Prospects in the allied clothing sector appear equally difficult with new orders in the final quarter of 1979 down by 5.3 per cent on the corresponding period of 1978.

According to the latest figures released by the West German Textiles Industry Federation, textiles sales rose by 4 per cent last year to a total of DM 32.3bn (£8bn). The clothing sector's sales increased by 3.2 per cent to DM 19.9bn (£5bn). In the last month of 1979, however, both activities saw sales fall below the corresponding month in 1978, textiles sales declining by 2.2 per cent and clothing sales by 5.7 per cent.

The deep-seated problems facing the textiles industry in Western Europe are shown by the comparative performance of West German textiles against other sectors of industry.

Sales by the whole of West German manufacturing industry increased by 10.4 per cent compared with the 4 par cent rise achieved by the textiles. New orders rose by 10.9 per cent, textiles achieved only a 2.2 per cent increase, while manufacturing industry managed to push up production by 5 per cent while textiles output rose by only 3.6 per cent. At the same time clothing production actually fell by 0.3 per cent compared with 1978.

However, compared with most other West European countries, the West German textiles industry has performed surprisingly well, staging a recovery from the recession year of 1974 largely through a programme of extensive restructuring and investment in new plant, which has involved the closure of many plants and the loss of thousands of jobs.

According to the Federation, no less than 893 companies have dropped out of the sector since 1970, leaving a total of 1,703. At the same time 185,970 jobs have disappeared from the industry in the past decade, a loss of more than a third of the workforce.

In five of the last 10 years production has fallen, but last year it was again 9 per cent above the 1970 level, an achievement made with less than two-thirds of the workforce.

The industry's deficit on its balance of trade reached a new record level last year, however, of DM 7.9bn (£2bn), a rise of 17.9 per cent over 1978.

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Japan's payments deficit falls sharply to $1.24bn

BY RICHARD C. HANSON IN TOKYO

SHARPLY HIGHER oil and raw material prices pushed Japan's current account into deficit again last month, but the size of the deficit was reduced from the January record and signs of improvement are emerging.

The February current account deficit of $1.24bn (£559m) compared with $3.37bn in January, according to the preliminary report of the Ministry of Finance yesterday.

The figures also showed that for the first time since December 1978 the combined current account and the long-term capital account (together known as the basic balance) produced a small surplus of $60m.

Officials are encouraged by the trend in long-term capital inflows (a record $1.3bn last month) and by a fairly steady drop in the current account deficit since a peak last November.

Government economists expect the current account to remain in deficit for the rest of the year.

Encouraged by the continued weakness of the yen Japan's export boom appears to be solidly on track again. Exports last month gained 23 per cent to $9.4bn with virtually all the gain from an increased volume of shipments. Motor vehicles were up 54.2 per cent, steel 50 per cent, chemicals 45 per cent and textiles 50.7 per cent.

The resurgence of exports, however, has not been strong enough to offset higher prices of imported oil and other raw materials. Led by a doubling in the value of imported oil, February imports jumped 46 per cent from a year ago to $9.58bn. On a cost-including-freight basis oil accounted for 38.8 per cent of imports.

The surpluses which Japan has shown in the long-term capital account since the beginning of the year are mostly from a sharp reduction in Japanese lending overseas at the request of monetary authorities.

It appears that Japanese investors have also been selling off their holdings in foreign (particularly U.S.) equities, while foreign investors stepped up investment in Japanese securities.

The resulting inflow of capital last month reduced the overall balance of payments deficit to $800m from $2.2bn in January.

Bankers court profitable Third World

BY DAVID MARSH

A GROWING number of central banks and Governments from developing countries are hiring Western commercial banks to act as go-betweens and advisers in their international financial dealings.

Countries ranging from Saudi Arabia to Zaire, from Turkey to Venezuela, are turning to a select handful of blue-chip banks for crucial help in arranging their investment and borrowing. Scores of other nations are being courted by merchant banks and investment houses anxious for a slice of this profitable and prestigious area of the banking market.

"Sometimes it seems as though half the Third World's central bankers are flowing through my wife's drawing room," says one London investment adviser renowned both for his international contacts and the excellence of his domestic cuisine. But the business has a far more serious side. The developing world's monetary reserves have increased enormously as a result of the oil surpluses and the international credit explosion of the past few years. These countries are now capable of moving billions of dollars on foreign exchange and capital markets. Their increasingly sophisticated investment decisions are also becoming more and more important, not only for the fee-seeking commercial banks but also for the Governments trying to maintain exchange rate stability in the West.

Cenral banks of the developing nations—including the oil producers — and the smaller industrialised countries now hold foreign exchange reserves of around $150bn, according to the International Monetary Fund. The total has risen tenfold during the past dozen years.

The fund does not record the reserves owned by the many other public-sector bodies and central bank-like institutions, which nonetheless command large resources, particularly in the Arab world. When these funds are taken into account, the total external assets of this group of countries may well amount to nearer $300bn.

The vast rise in resources has brought these central banks a problem they never needed to worry about before: how to avoid the risk of large losses resulting from volatile floating exchange rates. This has prompted many central banks, egged on by their commercial advisers, to spread the composition of their currency holdings to avoid over-reliance on the dollar, the main reserve currency.

Developing countries' growing trade and investment links with Europe and Japan — in particular, their increased borrowings on the non-dollar capital markets — have also encouraged diversification away from the dollar.

Since the mid-1970s, monetary institutions in the developing world have thus stepped up considerably their holdings of Deutschemarks, Swiss francs and yen. More recently, sterling has re-emerged as an attractive reserve asset.

Although central banks still mainly prefer liquid short-term investments, they have also greatly extended the range of instruments in which they hold reserve currencies. As well as being large-scale investors in deposits both on the Euro-market and in national money markets, many have also become important purchasers of bonds and other forms of debt instrument.

For a long time, industrialised countries tried to resist the growing use of their currencies as reserve assets, fearing this would hinder their efforts at domestic monetary control. But, ironically enough, Germany, Japan and Switzerland are now encouraging foreign central banks to deposit funds in their currencies as a way of bolstering them against the now-buoyant dollar.

About a dozen banks, most of them in London and New York, are the market leaders in managing portfolios and providing investment advice for foreign central banks. Several offer many other services. These range from help in debt rescheduling or in attracting the best borrowing terms to assistance in encouraging foreign investment or the repatriation of wages from nationals working abroad.

Reserve management in particular is a highly sensitive business. Banks normally offer their services either as pure advisers, or else take over completely a certain percentage of a central bank's reserves, to be invested freely within pre-arranged guidelines.

Co-operation with foreign banks is normally essential in countries where international financial expertise is thin on the ground. But details of the relationship are generally shrouded in secrecy. Central banks do not relish being identified as shifting funds around on Western money markets; and in some countries enlistment of foreigners to help handle official funds can be politically highly sensitive.

The Schroder group offers one of the best-known reserve asset management services for central banks. Set up in 1974, when the bank won a contract to provide advice to the Venezuelan central bank, it now has more than a dozen clients among central banks dotted round the developing world.

Schroder's aim, according to Mr. Geoffrey Bell, the head of its reserve management service, is to provide a tailor-made currency diversification strategy for individual central banks.

Mr. Timothy Dooley, of Merrill Lynch, which manages reserves for central banks in Latin America, South-East Asia and the Middle East, makes a similar point: "We have a longer-term strategic objective for the composition of a central bank's reserves which we try to identify in terms of a country's foreign debt and trade structure. Within these over-all guidelines we then allow shorter-term variations to take account of factors like currency and interest rate fluctuations."

With the dollar currently strong, Mr. Bell is advising central banks to stock up the dollar component of their reserves to the top end of their pre-selected limits. But in general he feels the dollar portion of foreign exchange reserves should be around 50 to 60 per cent—somewhat lower than the 80 per cent which is its present share of all countries' foreign exchange reserves.

Developing countries have become far more adept at making profits from exchange rate fluctuations.

Mr. William Schroth of Manufacturers Hanover says that although the vast majority of central banks are conservative investors, they have also become more conscious of the need to maximise return on their reserves.

Bankers report that South-East Asian nations have been active traders in and out of yen bonds and deposits during the Japanese currency's ups and downs over the past two years. One Latin American country is reported to have varied the D-Mark share of its reserves between 15 and 40 per cent over the past year or so.

The French franc, which already made up an important percentage of reserves of such countries as Mexico, has been in demand from oil-exporting countries recently—one factor helping it to rise to the top of the European Monetary System. There has also been diversification into some smaller currencies. Iran, for instance, is reported by Austrian bankers to have been buying schillings over the past few months.

Banks are normally reluctant to name their full range of central bank clients. But among London banks associated with particular countries, Morgan Grenfell advises Sudan and Oman, and Barings Saudi Arabia. Warburgs—in conjunction with Lazard Frères in Paris and Kuhn Loeb Lehman Brothers in New York—provides a range of advisory services for such countries as Indonesia, Sri Lanka and Zaire, specialising in sorting out debt problems. Known as the Triad, it also advised Turkey.

The competition to gain business is intense.

One area, however, is generally off-limits for this kind of competitive effort. The central banks of the industrialised countries feel they can manage their reserves held overwhelmingly in dollars—very well, without any outside help.

A select handful of banks are helping the developing world, from Saudi Arabia to Zaire, Turkey to Venezuela, to arrange their investment and borrowing. Other merchant banks and investment houses are attempting to secure a share of this prestigious area of the banking market.

Soames discusses aid options

BY DAVID TONGE AND MARK WEBSTER

DECISIONS on future British aid for Rhodesia are to be delayed until after the colony becomes independent on April 18, according to Government officials. Lord Soames, on his first visit back to London since becoming Governor, yesterday saw Lord Carrington and today is to meet Mrs. Margaret Thatcher, the Prime Minister.

Yesterday's talks ranged over future relations between Britain and Zimbabwe, although the details will have to be negotiated between the post-independence government and a number of British missions.

Under the Lancaster House agreements, Britain is committed to contributing towards an agricultural development bank or similar institution and, in April a mission of senior officials from the Overseas Development Administration is to visit Zimbabwe next month to discuss priorities.

In the military field, Major General Kenneth Perkins, director of Military Operations, has just returned from a visit to Salisbury to prepare recommendations on future military links. General Perkins, who is to take charge of all British military assistance programmes in April, has discussed supplies of advisers and weaponry. Specialised missions are now to visit Salisbury.

Lord Soames: discussing Britain's stake in Rhodesia.

The Ministry of Defence says it does not know when the first former guerillas of Robert Mugabe's Zanla forces will arrive for training at Sandhurst. However, special consideration is being given to helping the various armies integrate and to settling those no longer needed in uniform.

Technical assistance and training is also to be given to the British South African police, the civil service, and the Zimbabwe Rhodesia Broadcasting Corporation. A smooth transformation of all these is vital for the transition, and Britain is keen that it should give a lead in these fields. A senior mission from the BBC is to travel to Salisbury in the next two weeks to assess requirements.

Syria admits broad opposition

BY IHSAN HIJAZI IN BEIRUT

DR. ABDEL RAOUF AL KASM, the Syrian Prime Minister, has said that not all the enemies of the regime are from the Moslem Brotherhood.

He told the international edition of the newspaper An Nahar published here yesterday that investigations carried out so far by Syrian authorities "have proved that elements from various nationalities and of different political trends are involved." He did not give details, but said that results of the investigation will be made public soon.

Analysts here noted that in the seven speeches President Hafez Assad delivered during the past week, there was no direct mention of the Moslem Brotherhood, which suggested that other yet unidentified factions may have been involved in the recent unrest in Damascus, Hama and Aleppo.

According to diplomats here, the unrest which had taken the form of anti-Government demonstrations and riots, appeared to have subsided. Officials in Damascus have confirmed reports that military reinforcements have been sent to Hama and Aleppo during the past few days.

The Damascus newspaper Tichrin promised that "criminal leaders and all subversive elements will be destroyed within the next few days." The article reflected the regime's mood of determination to act strongly against its enemies.

Mr. Kasm repeated the charge that the U.S. and Israel were trying to undermine Syria's security because of its opposition to the peace treaty between Egypt and Israel.

Richard Johns writes: Dr. Kasm's announcement was the first admission that the violent opposition to the regime has a wider base than the close-knit and secretive Moslem Brotherhood whose presence in Syria in organised strength was only suspected up until the outbreak of trouble last summer.

Nevertheless, diplomats and other informed observers believe that the Islamic society has been the main instigator of violence and a stimulus to the expression of open dissent by Sunni Moslems resentful of the dominance of the minority dominating the regime who belong to the Alawite sect.

Interviewed in West Germany last month by Arab Report and Memo Mr. Issam al Attar acknowledged himself to be the leader of the Moslem Brotherhood in Syria. Asked about the strength of the movement, he replied. "I believe that we have the support of every loyal and mature mind who wishes the good of the country—whether Moslem or non-Moslim—both within the army and outside." He vigorously denied that the society had any contact with the Christian Phalangists of the Lebanon.

Second round of Iranian elections likely

By Simon Henderson in Tehran

A SECOND round of elections in Iran is likely before a Parliament can be formed, judging by the results still coming in from last Friday's voting.

Few candidates have won by the required absolute majority. A run-off between the two strongest candidates in each constituency is provisionally planned for April 3.

But the second round looks like becoming increasingly overshadowed by complaints of rigging and other malpractices. Most allegations are being made against the Islamic Republican Party (IRP)—the party of the hard-line clergy seen as in opposition to President Abol Hassan Bani-Sadr, which has been doing well in the results so far.

With more than 100 results declared, over 60 will have to go to the second round. The IRP has won more than 20 of the seats where an absolute majority was achieved. President Bani-Sadr's informal political organisation has won eight.

Results in Tehran are not expected for a few days, perhaps even after the Persian New Year holidays beginning tomorrow.

Apart from the political embarrassment to President Bani-Sadr, who achieved a sweeping 75 per cent victory in the earlier presidential elections, an IRP-dominated Parliament will make it difficult for him to force through controversial measures.

In the post-election arguments, one Government figure has resigned, the leader of the main radical Islamic guerrilla organisation has demanded fresh polls in Tehran, and several "unofficial" results have been declared in the rebellious Kurdish region. Here, the central government cancelled several elections because of unrest.

Strong dollar will aid OPEC

BY PATRICK COCKBURN

OIL EXPORTING countries in the Middle East will generally benefit from President Carter's anti-inflation package since a strengthening dollar increases the real value of oil revenues.

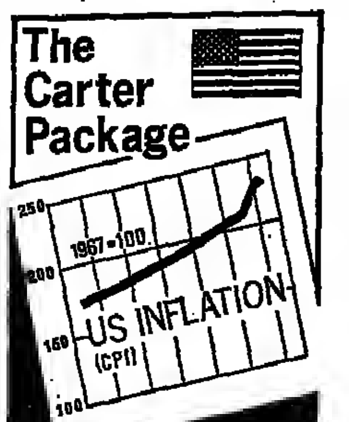
The situation today is in marked contrast to that between 1974 and the end of 1978 when the Organisation of Oil Exporting Countries (OPEC) continually complained that the fall in the dollar was eroding the real value of their oil revenues.

An OPEC ministerial committee meeting in London at the end of February, recommended that the floor price for oil be based on an automatic quarterly exchange rate adjustment based on a basket of currencies and an index reflecting the impact of inflation on international trade. This report has still to be ratified by a full OPEC ministerial meeting.

Presure from OPEC militants to increase further the price of oil should be reduced if the dollar shows continued strength.

High interest rates in the U.S. are also benefiting OPEC investment income. With the total OPEC surplus for 1980 put at $120bn by the U.S. Treasury, such income is becoming an increasingly important part of the revenues of the oil producers.

Local currencies in the Gulf have already been hit by the outflow of funds taking advantage of higher interest rates in the West. At the beginning of the month, businesses in Saudi Arabia were worried by high short-term interest rates on Saudi riyals, with the one-



month interbank lending rate rising to about 18 per cent largely because of the flow of funds out of the country.

Bankers had expected the Saudi Arabian Monetary Agency, the central bank, to react by devaluing the riyal. Instead SAMA revalued on March 8, leaving some dealers long on dollars and short on riyals. The move puzzled bankers and interbank speculation in the riyal has been discouraged by inability to predict SAMA's moves.

In Kuwait investors have long benefited from their ability to borrow on the local market at low rates and then to take advantage of high interest rates abroad. Local banks have recently come under pressure from the Central Bank to reduce lending for this purpose.

There is little that Gulf governments can do to staunch this outflow of private funds, particularly if local investors expect U.S. interest rates to stay high.

Spot market prices for crude oil could fall

By Ray Dafter, Energy Editor

THE SPOT market for crude oil, already much quieter than a few months ago, is expected to be hit even further by President Carter's decision to impose a $4.62 per barrel import fee. The result could be a further erosion of the very high prices that have accompanied spot transactions.

Oil analysts reported yesterday that two cargoes of Ecuadorian crude oil, totalling some 720,000 barrels, were being valued at about $33 a barrel whereas at the end of last year it would have sold for nearer $42 a barrel. There were also sizeable quantities of high quality crude oil from the North Sea, Nigeria and Libya, seeking buyers at prices of $37.50 to $39 a barrel.

According to one London broker the spot market was "dead," with Arabian light crude valued at around $35.50 a barrel.

A trader in Singapore speculated that President Carter's package could result in a large part of 500,000 tonnes of Chinese motor oil, imported by the U.S. each year, being diverted

White House economists have calculated that the President's measures would reduce U.S. oil imports by about 100,000 b/d in the first year and by about 250,000 b/d in three years. Given other conservation measures, total import savings this year could be as high as 400,000 b/d.

The international oil industry feels that these savings—or, at least the psychology behind the plan —will encourage producers to reduce their output further. It was considered to be only a question of time before Saudi Arabia trimmed its production — much of which is for the benefit of the U.S. market — from the present 9.5m b/d to 8.5m b/d.

Abdul Rahman Al-Atiqi, the Kuwait Finance Minister, said yesterday that the Carter package would be "beneficial to both oil producers and consumers if it leads to a reduction in the U.S. consumption of oil."

There were conflicting views within the industry about the impact of the measures on world oil prices. Some felt that a strengthened dollar would ease the pressure on the upward pricing spiral.

Steel price policy delay confuses U.S. importers

BY IAN HARGREAVES IN NEW YORK

THE Carter Administration's delay in declaring its policy intentions on steel imports is causing confusion in the U.S. steel industry and growing problems for steel importers who do not know what price they will be able to charge for April shipments.

The Administration was due to announce its revised figures for the trigger prices, which are used to set a minimum price for foreign steel in the U.S., a month ago, but since then conflicting political pressures in Washington appear to have paralysed the normal price-setting formula.

There were strong rumours in steel circles last Friday that the President would announce an end to the trigger price system as part of his anti-inflation package.

But steel industry leaders had warned the administration that such a move, known to be backed by some of the President's top economic advisers, would produce an avalanche of anti-dumping petitions from several steel companies against European and Japanese importers.

There was relief in the industry yesterday that the Presidential message had omitted any reference to steel, but there is anger at what the industry sees as bureaucratic disregard for the steelmakers' considerable problems.

Two separate issues are now being debated in Washington. Within the Commerce Department the haggling centres around the size of the increase it will propose in trigger prices, effective from April 1.

The industry has proposed a net increase of around $38 a ton or 9 per cent. Indications are that the Department is now considering a 5 per cent increase, but difficulties have been created by a challenge to the method of calculation used in the past by the Treasury, which is in the process of handing over its supervision of the trigger price system to the Commerce Department.

The broader issue is whether trigger pricing should be maintained at all.

Apart from pressure within the Administration to end trigger pricing on anti-inflationary grounds, steel companies, notably U.S. Steel, have to decide whether to proceed with a broad sweep of anti-dumping petitions against the importers, knowing that if they do, the Administration says it will scrap trigger pricing because it does not have the manpower to pursue both the pricing policy and dumping cases at the same time.

The likeliest outcome seems to be that U.S. Steel, the leading protagonist in the issue of dumping petitions, will restrict its petitions to a narrow range of products and possibly only two, rather than seven, European countries.

Japanese tread their own path

By Richard C. Hanson in Tokyo

JAPANESE economic planners and monetary officials face two big problems, both of which are beyond their direct control: OPEC oil price increases and U.S. inflation. The latter could prove the undoing of attempts to solve the dilemmas caused by the oil producers.

This is why Japanese Government leaders reacted to President Carter's latest anti-inflation package with polite words of welcome, then continued to work on their own plans to keep American problems from undermining the fragile balance which has kept the Japanese economy in good order so far.

The Japanese anti-inflation plans are expected to be formally announced later this week. It is believed they will include a large increase in the Official Discount Rate (ODR) of 1.75 per cent, to the historic high of 9 per cent, as well as steps to hold down the rate of Government spending.

Apparently, fairly close consultations have been held between the U.S. and Japanese authorities on each others' anti-inflation and foreign exchange policies.

To accomplish a slowdown, the Government will resort to the highest interest rates seen in Japan since the first oil crisis. What is feared, however, is that further increases in U.S. interest rates will continue to put pressure on the yen — forcing interest rate competition with the U.S.

Rapid reaction in W. Germany

BY KEVIN DONE IN FRANKFURT

WEST GERMAN monetary authorities and the administration in Bonn yesterday welcomed the financial package presented by President Carter as a contribution towards stabilising the U.S. economy and, as a result, the hectic activity in the foreign exchange markets.

But the markets moved quickly to show their belief that interest rates in the U.S. could still rise further, with heavy demand for the U.S. dollar leading to a rapid rise in the exchange rate against the Deutsche Mark.

Further intervention was needed by the Bundesbank, the West German Central Bank, to smooth transactions, and it was forced into the market to sell $42.6m at the official midday fixing.

Dealers felt that the Carter package had been received more positively outside the U.S., but the dollar exchange rate was being driven up inexorably by the widening gap in interest rates between the U.S. and traditional hard currency countries such as West Germany and Switzerland.

The dollar began the day in Frankfurt at DM 1.8490 but in conditions which one dealer described as "dramatic and certainly not orderly," it moved rapidly to a peak of DM1.8780 before continuing intervention by the Bundesbank brought it back to DM1.8710. Rates of DM 1.90 are already being talked of in the markets as the interest gap between the U.S. and most of Europe widens.

German interest rates were stable yesterday, but the foreign exchange markets are concerned at the way the gap is widening between DM and dollar rates in the Euro markets.

The last few days have seen one of the biggest movements in the dollar exchange rate for several months, emerging from the trough of $1.70 reached earlier this year to a present level of around $1.87-$1.88.

Swiss welcome U.S. economies

BY JOHN WICKS IN ZURICH

PRESIDENT Carter's economic package has been generally welcomed in Switzerland, despite some doubts as to whether it will be accepted by Congress. The Swiss view has for years been that radical measures are needed to tackle American inflation, and the reaction now is that this is better late than never.

The dollar strengthened considerably as a result of the positive reception of the draft measures, reaching its highest point since July, 1978, at about SwFr 1.79. This comes after a fairly steady rise in the dollar rate over the past few weeks, due particularly to the substantial interest gap between the U.S. and Switzerland.

While the foreign exchange market expects the dollar to remain firm for some time yet, there are signs that profit-taking sales are pending. The dollar did fall off slightly from its earlier peak yesterday afternoon, dropping from slightly above to slightly below SwFr 1.79, while gold rose a little. Some bankers feel there might soon be a resurgence of gold buying at the present relatively low price.

It seems unlikely that Swiss investors will build up their positions in dollar securities or currency as an immediate follow-up to the Carter measures, even though U.S. policy is now inspiring more confidence than for some time.

Apart from some fears of recessionary trends, Swiss bankers are apprehensive that a new crisis in world politics may damage the standing of the dollar again.

While the dollar is not generally seen as rising much farther in terms of Swiss francs, Euro-dollar and direct U.S. investments continue to look very attractive from the interest aspect. The Swiss authorities—who do not appear to have intervened on the foreign exchange market yesterday—are concerned at the resultant rise in domestic rates.

Kennedy 'to quit race' if wages and prices controlled

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy said over the weekend that if President Jimmy Carter adopted a wage and price freeze to cure inflation he would consider giving up his race for the presidency.

In an interview at his home in Virginia Mr. Kennedy predicted that sooner or later Mr. Carter would be forced to ask Congress for authority to impose such controls which are a cardinal point in Mr. Kennedy's election platform.

Urging the President not to be prevented by "a sense of pride" from espousing policies advanced by his principal rival for the Democratic Party's nomination, the Senator said he was willing "to go back to the Senate" and work for Congressional approval of such a programme.

Mr. Carter has made it absolutely clear that he has no intention of seeking mandatory wage and price controls. The Senator's remarks are being interpreted here as a sign that he realises that unless he can pull off upset victories in Illinois today and New York next week, his quest for the presidency is at an end. He has not previously spoken publicly of giving up.

Mr. Kennedy's critique of the President's anti-inflation package was coupled with the complaint that the Administration was withholding details of the actual cuts in spending until after the Illinois and New York primaries. It is apparent that the urban areas will be the most adversely affected by fiscal austerity.

More generally, he charged that the Administration was simply using tried—and failed —Republican economic policies to correct inflation by engineering a recession that would throw millions out of work. The actual budget cuts, he said, would have only a marginal impact on the inflation rate while the President's proposals to levy an oil import fee and to keep interest rates high would be "more inflationary."

This is the view of many of this country's more liberal interest groups including organised labour. A labour coalition yesterday demonstrated outside the White House in protest against the economic package.

All known public opinion polls also show that wage and price controls are popular across the country as the fairest mechanism for fighting inflation. Mr. Kennedy claims that institution of an immediate freeze plus controls over dividends, interest rates and profits could bring down the level of consumer price inflation to the 5-6 per cent a year range within a few months.

Backing for Quebec separatism in poll

BY ROBERT GIBBENS IN MONTREAL

A PARTI QUEBECOIS victory in the coming referendum is predicted in a poll taken in the first half of March and published last weekend in the major Montreal newspaper Dimanche Matin.

It contrasts with a Canadian Broadcasting Corporation poll taken before the February 18 federal election which predicted majority support for an amended form of federalism.

The Dimanche Matin poll concluded that if the referendum vote had been held last week 47.4 per cent of Quebec's voters would have voted for the request by Mr. Rene Levesque's PQ Government for a mandate to negotiate sovereign-association with the rest of Canada. The poll showed that 43.6 per cent would have voted against.

The poll was conducted March 7-11 by a well-known survey group and questioned 783 Quebecans by telephone. During that period the National Assembly's debate on the referendum question broadcast was in full on a provincially-owned network.

On the referendum question the survey indicated that 55.4 per cent of Francophones would vote yes, 35 per cent no with the balance undecided. Among non-Francophones 16.3 per cent said they would vote yes while 76.8 per cent would vote no.

However, the poll showed varied results on other aspects beside the actual referendum question. It indicated that "renewed federalism" is still the constitutional choice of most Quebecans with 51.6 per cent of those polled being in favour and 34.6 per cent opposed. The concept of sovereignty - association was approved by 45.8 per cent and opposed by 43.9.

If a provincial election had been held last week, the survey showed 45 per cent would have voted for the opposition Quebec Liberals and 42.5 per cent for the Parti Quebecois.

Colombia embassy hostage escapes

BOGOTA — Sr. Fernando Gomez, the Uruguayan Ambassador, who was one of the hostages held by guerrillas in the Dominican Embassy for nearly three weeks has escaped after jumping from a second-storey window, military police said.

Sr. Gomez escaped at about 12.40 am yesterday, and after crouching behind one of the cars parked in front of the Embassy and shouting out his identity to the police, he was taken to a military hospital.

He was reported to have a broken collar bone, and leg and arm injuries.

Sr. Gomez was the first hostage to escape from the embassy. The guerrillas have freed 24 captives, but are still holding more than 20, including the U.S. Ambassador.

The guerrillas, of the April 19 Movement, have demanded that the Government release 215 members of their organisation

The Government claims that most of those whose freedom is demanded have been convicted of civil crimes, or are awaiting trial for such crimes, and as a democracy with an independent judiciary it cannot violate the constitution by releasing them.

Agencies

Carter has narrow win in Puerto Rico

By Our U.S. Editor

PRESIDENT CARTER scored a narrow victory over Senator Kennedy in Sunday's primary election in Puerto Rico, winning the presidential "beauty contest" by 52 per cent to 48 per cent and taking the parallel race for delegates by 21 to 20.

Puerto Ricans do not vote in the Presidential election in November, but, as is the case with other American overseas territories like Guam in the Pacific, send delegations to the respective party conventions.

Afterwards, Senator Kennedy expressed pleasure that he had run Mr. Carter so closely. But the President's chief supporter on the island, Governor Carlos Romero Barcelo, claimed that the Senator's loss demonstrated that "the old mystique that Hispanics prefer Kennedy has been destroyed."

The primary had in fact been partly submerged by controversy over the hottest issue facing Puero Rico—whether or not to vote to change its present Commonwealth status into becoming the 51st state of the American union.

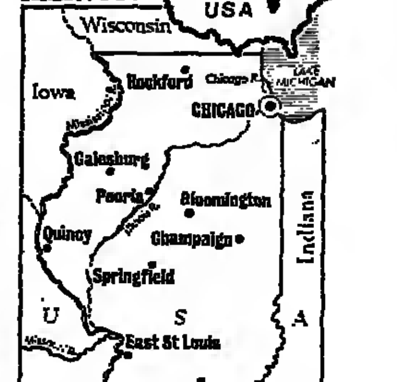
The Carter forces were principally drawn from the statehood group.

Meanwhile, more complete returns of three preliminary rounds of party caucuses in South Carolina, Mississippi and Wyoming point to the President picking the great majority of the 80 delegates these states will send to the Democratic convention.

In South Carolina he was leading by 64 per cent to 4 per cent, but with a substantial 32 per cent uncommitted, in Mississippi by 76 per cent to 5 per cent, with 17 per cent uncommitted, and in Wyoming by 63 per cent to 22 per cent, with the balance uncommitted.

Why Chicago River may turn from green to red

BY DAVID BUCHAN AND MARALYN EDID IN CHICAGO



THE CHICAGO River was dyed green yesterday, in ritual honour of St. Patrick. Today it may run incarnadine with political casualties of Illinois' Presidential primary elections, crucial to the White House hopes of three men: Senator Edward Kennedy, Mr. George Bush and Congressman John Anderson.

Voters pulling electronic levers today will be doing two separate things: selecting 152 Democratic and 92 Republican delegates for the party conventions this summer, and providing in a seperate non-binding direct vote, a first verdict from a big industrial state in this election year.

No candidate has underestimated the importance of Illinois, or can afford to ignore its implications. Senator Kennedy has called it "the first truly representative" test of the primary so far, Mr. Bush "a watershed," while Mr. Anderson has put his all into winning his home state. President Jimmy Carter seems sure again to defeat Senator Kennedy—although it may not yet be the conclusive "esswhipping" he promised last autumn.

At the same time, Mr. Anderson may attract enough disillusioned Democrats and independents into the Republican primary both to upset Mr. Ronald Reagan, the front runner, and to bury the hopes of the slipping Mr. Bush. Two Chicago opinion polls have predicted this will happen.

Since Mr. Anderson's surprisingly strong showing in the New England primaries on March 4, he has been the new shooting star in America's political firmament. True, his forthright style and curious mixture of economic conservatism and social liberalism were evident well before. And he is several laps behind—with only 15 delegates already won, compared with 163 for Mr. Reagan, and 45 for Mr. Bush.

But this month his campaign, now tracked by television cameras and taking in $100,000 a day, has caught fire.

Illinois is not uncharted territory for him, but he has never run for state-wide office here, and his campaign manager said last week: "Illinois is learning about John Anderson along with the rest of the country."

He has had to forge links with Chicago's large black and ethnic minorities that he has never needed in the 20 years he held his congressional district outside the city. Some support has come easily. He has established himself as this year's darling of the University campuses—in a way that Governor Jerry Brown of California had been expected to do on the Democratic side.

Mr. Anderson was welcomed ecstatically on Saturday, for example, at the University of Illinois in down-state Champaign where Senator Kennedy had been booed a few weeks earlier.

This Gladstonian Liberal, who can tell businessmen he is for a balanced Federal budget, students that he favours abolishing criminal penalties for possession of marijuana, and will then defend both stands to either group, seems to have struck a chord when he calls for a "new politics." Mr. Anderson defines this as putting together a coalition of Democrats, independents and Republicans. When registered Republicans make up only 24 per cent of the national electorate, he argues this is the only way a Republican can get to the White House.

Mrs. Jane Byrne talks to Senator Edward Kennedy at a Chicago station. Mr. Kennedy was greeting commuters as part of his campaign for today's Illinois primary election, which he describes as "the first truly representative" test so far.

This may make general election sense. But it is by no means the tactic to win the party nomination, in which conservative activists carry disproportionate weight. The Republican rank and file have deep suspicions about Mr. Anderson, which he has compounded by refusing to pledge that he would back any Republican nominee who emerges in July, and by suggesting that an Anderson White House might be an equal-opportunity employer of Democrats as well as Republicans.

He was sharply attacked on his party credentials by his rivals in a televised debate last week.

Since then, the Illinois congressman has at least ruled out leading a third-party or independent bid in the November election if he fails to win the Republican ticket. More immediately important, Mr. Anderson has been "legitimised" by the endorsement of the Chicago Tribune, no longer as right-wing as it once was, but still a guardian of Mid-West Republicanism whose circulation spreads into neighbouring states. Mr. Anderson needs more than deserters from the other camps. Illinois allows Republicans and Democrats to vote in each other's party contests, but only about half the two dozen primaries still to come permit "cross-over" voting.

Mr. Reagan could weather a narrow loss in Illinois. He is still far ahead, having just won a straight flush of four southern primaries. The 69-year-old former California governor, can be tripped flat on his face, as he was on national television over the weekend, when asked to reconcile his conflicting calls for a 30 per cent federal tax cut, increased defence spending and a balanced budget.

But he has criss-crossed the state by bus, and husbanded his stronghold in rural downstate Illinois.

Mr. Bush, on the other hand, is sounding increasingly desperate, with his early support ebbing away, according to the poll. This is quite surprising, given that competition for his range of the Republican market has fast disappeared, now that Senator Howard Baker and Mr. John Connally have decided to leave the race, and former President Gerald Ford not to enter.

To some small extent, Mr. Anderson's apparent popularity is the mirror image of Senator Kennedy's problem. Liberal Democrats are clearly tempted to jump the party traces and vote for Anderson Republicanism, and even if they do not, many independents probably will. A Kennedy success in Illinois must have seemed certain last autumn, when Mrs. Jane Byrne, mayor of Chicago, openly endorsed Senator Kennedy—the state was carried for John Kennedy in 1960 by the late mayor Richard Daley.

But Mr. Carter has since had cause to thank his stars that Mrs. Byrne jumped the way she did, and as early as she did. For since then, the mayor's highly abrasive manner has alienated important sectors in the city. Many Chicagoans now seem to be backing Mr. Carter on the theoretical basis that "my enemy's enemy is my friend."

Mrs. Byrne, known to some now as "Calamity Jane," has sharply criticised the Press for harping on Chappaquiddick, an issue which has put the Senator's appeal to Chicago's numerous fellow-Catholics in doubt. She has defiantly vowed that, however well Mr. Carter does in the "beauty contest" vote, her city machine will deliver to Senator Kennedy the bulk of Chicago's 52 delegates (one-third of the State total) at the national convention.

The presence of alderman, ward committeemen, precinct captains and other satraps of the Chicago hierarchy at yesterday's St Patrick's Day parade was, on the surface, a show of Mayor Byrne's force. But she was also widely criticised for turning the festival into a partisan political occasion, by inviting Senator Kennedy and making clear President Carter would not be welcome, because he was not Irish as she and the Senator are.

This not only breached the late Mayor Daley's etiquette that on St. Patrick's Day 'everyone is Irish," but quite clearly ignored the fact that it has been Senator Kennedy's dearest wish since the campaign started to get the President out of the White House and within debating distance.

Nor could the serried ranks of city officials yesterday conceal another fact — which is that, for practical political (as opposed to festive) purposes, the Chicago machine has been breaking up like spring ice on Lake Michigan. In part, this has nothing to do with Mrs. Byrne. The Democratic machine, providing jobs and civic services in return for votes, and once a feature of many big U.S. cities, had survived in Chicago beyond its time, even under Mayor Daley.

But Mayor Byrne is responsible for alienating many public-sector unions, whose support the late Mr. Daley nurtured as key part of his power base. The city has had three damaging strikes since December—by the transport workers, by the firemen, whose leader was temporarily jailed, and by teachers (although Mrs. Byrne was not a direct party to the last stoppage and in fact helped its resolution).

Local unions have thus been deeply reluctant to rally to the Kennedy cause, despite their national leaderships' backing for the Senator.

One final problem for Senator Kennedy is that he has not been able to exploit the revered Daley name because Mrs. Byrne is also embroiled in a battle to prevent the late mayor's eldest son and political heir, also called Richard, becoming the state attorney for Illinois.

With all this, Mr. Carter could have sat back and rubbed his hands. In fact, he has done a little more. He recently appointed a well-known Chicagoan, Mr. Philip Klutznick, to head the Commerce Department—which fortuitously proved its worth after the recent "erroneous" vote in the United Nations which has upset the U.S. Jewish community. Both Mr. Klutznick and Vice-President Walter Mondale have spent a lot of time in the state, explaining that vote away. It is also noteworthy that the President has announced his anti-inflation measures just before the Illinois and New York state primaries, taking the wind out of Senator Kennedy's alternative recipe of a counter-inflationary incomes freeze. But the White House is not giving details of how this will cut federal payments to cities—as it certainly will to Chicago and New York—until the end of the month.

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WORLD TRADE NEWS

Burmah Oil may get $85m from Japan Indonesia gas deals

BY RICHARD COWPER IN JAKARTA

BURMAH OIL, the once ailing British oil sbipping company, is likely to earn increased revenues, believed to be at least $85m (£38m) by 1982, as a result of two major liquefied natural gas (LNG) deals recently negotiated between Indonesia and Japan.

Burmah, which already has a 20-year LNG shipping contract with Pertamina, Indonesia's State-owned company, will transport the extra 3.75m tonnes of LNG sold under the new agreements.

Under the terms of the first deal, agreed secretly last September, Pertamina is pledged to provide JILCO, a Japanese consortium which now imports all Indonesia's LNG production, with an extra 3.4m tonnes up to 1982. In the second deal, signed in Jakarta earlier this month, Pertamina bas agreed to sell 350,000 tonnes of LNG to Tokyo Electric, Japan's largest utility, this year.

Under the terms of its 1973 LNG shipping agreement with Pertamina, Burmah is obliged to take Indonesian natural gas up to the maximuoi capacity of its seven-ship LNG fleet, thought to be about 8.5m tonnes a year. Last year, however, the sbips were working well below capacity.

Last year Burmah was paid just under $9 per cubic foot for LNG shipped from Indonesia's facility at Bontang in East Kalimantan and just over $12 for sbipments from Arun in Northern Sumatra.

An expert in LNG shipments in Jakarta estimates the increased number of loads sbould bring Burmab extra revenues of at least $85m over the next four years.

Mr. Alan Wheeler, Burmah's representative in Indoneaia, declined to confirm or deny the figures, but pointed out that for the September JILCO deal, no new shipping contract between Pertamina and Burmah was necessary.

Burmah, which showed a consolidated loss of £22.9m on its shipping side last year, registered considerably improved results in the first half of 1979. Its consolidated shipping loss of £8m for the first half of 1978 fell to £4.3m for the first half of 1979.

Italians in Jakarta nuclear agreement

By Richard Cowper

ITALY and Indonesia yesterday signed an agreement to extend further their co-operation in the field of nuclear energy. Indonesia is expected to announce a decision soon to build a nuclear reactor research centre, which it is hoped will be ready by 1986. The centre, which will cost about Lire 180bn (£96m), will consist of a heavy water research reactor and a number of laboratories.

The agreement, which is couched in general terms, is aimed at expanding joint activities in the nuclear field since 1977. It covers nuclear safety, full cycle studies and laser application, and will be followed later by a number of protocols referring in more detail to specific areas of co-operation.

CNEN, the Italian nuclear agency, and BATAN, the Indonesian national atomic agency, will shortly agree on a co-operation scheme on nuclear fuel, radio-isotopes and nuclear safety.

The Italians have been co-operating with Indonesians in the nuclear field since late 1977 when they provided Lire 750m and more than a dozen experts to study Indonesia's electric power needs to the year 2006. CNEN and BATAN have worked together over the nuclear aspects of the survey and, along with the Italian company, Wira—a subsidiary of the Finmeccanica group—and ENEL, Italy's national electricity board, have drawn up a plan for Indonesia's first nuclear power station.

Although the study makes no recommendations on how many nuclear power stations Indonesia should build by 2006, Professor B. J. Habibie, Indonesia's Minister for Research and Technology is known to favour 10. Professor Baiquni, the director-general of BATAN, would like to see Indonesia's first heavy water reactor power station operating by 1989, which means that contracts should be made open to tender fairly soon.

Professor Habibie says that because of the high costs involved in Indonesia's evolving nuclear programme, the country would not be able to buy all the imported technology with cash. He anticipated that the balance would be made up with foreign credit. The Italian Government has said that it will come up with part of the cost of the research centre, though no specific figure has been mentioned.

New members will aid EEC textiles

BY RHYS DAVID

ENLARGEMENT of the EEC to include three new members could prove to be the salvation of European textiles in the 1980s, making it possible to rebuild a viable, integrated industry able to compete with low-cost suppliers.

This view, which runs counter to industry fears of the likely consequences of Greek, Spanish and Portuguese entry into the EEC is advanced in the latest textile review published by Manchester stockbrokers Henry Cooke Lumsden.

Mr. John Davenport, the firm's analyst, argues that if the industry in Europe as a whole can put forward a realistic integrated strategy, taking into account the new production capacity now becoming available among the applicant countries, it could well secure protection during the course of the 1980s against competition from both the U.S. and Third World countries.

The price, he points out, is likely to be industrial mobility and a willingness by the northern European countries to abandon the cause of individual national survival as integrated producers involved in every textile sector. Instead he suggests the pattern could be concentration of sophisticated fibre production and textile manufacture adjacent to northern Europe's chemical industries, while the Mediterranean countries take over much of the commodity spinning, weaving and garment manufacturing now supplied largely from outside the EEC.

Such a development, he admits, however, will involve much greater international co-operation than has yet been evident within the EEC's textile industries, and will depend on action by the bigger groups rather than the smaller enterprises. The incentive that should encourage such moves is the growing market for textile products which the EEC will continue to provide over the 1980s and beyond.

"If European textile firms fail to prosper it will be because they have failed to hold their own market politically and economically against imports. In the past the wealth and technological bias of the EEC's membership probably made this inevitable but with the accession of the new Mediterranean members and the association of the Lome Convention countries, the EEC will possess a balance of skills and resources much more suited to a high degree of textile self-sufficiency."

Reviewing current conditions in the UK textile industry the report sees little scope for improvement this year in the trading climate. The trend it notes has been an almost unbroken flow of redundancies leading to a permanent reduction in the industry's productive base. "By reducing the demand upon earlier parts of the production chain such cuts have a cumulative effect and also strengthen distributors' convictions that they have little choice but to plan for a continuing increase in their dependence, directly or indirectly, on overseas supplies," the report states.

● Today officials from European chemical trade unions will meet M. Etienne Davignon, European Commissioner for Industry, in Brussels to discuss the problems of the man-made fibre industry. The unions are likely to express concern over the growing threat posed by imports of cheap U.S. fibre which they claim have been responsible for the loss of thousands of jobs in Britain and other parts of Europe. Unions represented at the meeting will be the General and Municipal Workers from the UK, and the German and Dutch chemical workers unions.

Toyota, Nissan report big rise in exports

TOKYO—Toyota Motor said its vehicle exports last month rose 14 per cent to 148,200 from 130,000 in January, and up 43 per cent from 103,600 a year ago.

Toyota said its February exports were the second largest on record after 153,200 last December.

Nissan Motor said it exported a record 127,300 vehicles in February, up 25.2 per cent from 101,700 in January and up 62.8 per cent from 78,200 a year ago with the previous record 120,800 in September, 1977.

The two companies said their February exports were helped by continued good sales to the U.S. and Europe, and a sharp rise in Middle East shipments.

Toyota's February export total comprised 96,600 cars, 48,700 trucks, and 2,900 buses; and Nissan's 89,300, 36,900, and 1,100 respectively.

Toyota exported 61,700 vehicles ot the U.S., up 22.4 per cent from a year ago, while Nissan shipped 57,100 to the U.S., up 101.1 per cent.

Toyota's exports to Britain were 4,500, up 25.5 per cent from a year ago, while Nissan exported 14,000 to Britain, up 41.3 per cent. Their exports to Saudi Arabia were 9,500 and 5,400, up 56.7 per cent and 61.7 per cent respectively. Toyota sold 4,900 vehicles to West Germany, up 9.3 per cent from a year ago, while Nissan shipped 3,700 to Canada, up 61.8 per cent.

Toyota said its February production was 288,900, up 14.1 per cent from January and 29.5 per cent from a year ago.

Nissan's February production rose 18.2 per cent to 215,100 from January and up 21.3 per cent from a year earlier, Nissan said.

● An order for 40 trucks, worth £1.5m has been won by Scammell, the specialist vehicle manufacturers within Leyland Vehicles.

The order was placed by the Sudan Shipping Line for its road transport company, Transudan, which is managed by Redcliffe International (UK).

Designed for operation at up to 65 tons, GCW, the 40 6 by 4 Crusader tractive units will be used to transport containers and general cargo from Port Sudan to Khartoum—an 800-mile trip, 100 miles of which is off-road.

Seven U.S. companies invest in Irish Republic

BY OUR DUBLIN CORRESPONDENT

SEVEN U.S. companies will spend some $100m (£45.2m) in new investment or expansion of existing investments in industrial plans in Ireland. The investments are expected to create at least 2,000 jobs, Mr. Mr. Desmond O'Malley, Ireland's Industry and Commerce Minister, following an Industrial promotion tour of the U.S. west coast.

The largest single investment will be by Prime Computers, which will invest between $30m and $40m in setting up a computer systems manufacturing plant in Dublin. Continuous Cufrve Contact Lenses will establish a I£2.3m (£2.72m) lens-making plant in Tipperary which will employ 500. Digital Machines International will invest £825,000 in a cutting-machinery plant in Cork, which will employ 90.

Other investments comprise Prime Computers, an electronics concern, which will open a plant in Dublin, which will employ 270, Molex, which manufactures electronics connectors and terminals, whose expanded facilities in Shannon will employ 250 and Soroc Technology, another electronics company, which will employ 140 in a new plant in County Mayo.

The value of the investments by these latter companies was not announced.

Officials of Ireland's Industrial Development Authority are particularly pleased that three of the companies are in electronics.

This is the fastest growing sector in Irish industry

Australian airline to buy 21 jets from Boeing

BY PATRICIA NEWBY IN CANBERRA

ANSETT AIRLINES of Australia has signed a deal worth A$400m (£199m) with Boeing of the U.S. for the purchase of 21 jet aircraft, Mr. Rupert Murdoch, Ansett's joint managing director, announced yesterday.

Under the contract signed with Mr. Tex Boullioun in Melbourne Ansett will buy over a four-year period beginning in 1981 12 advanced 737 series 200 twin jets, four 727 long range tri-jets and five new generation 767 wide-bodied aircraft. It has also taken options on four more 737s.

The new aircraft, which will be delivered from June next year, will replace Ansett's McDonnell Douglas DC9s which were bought in 1967.

Trans Australia Airlines (TAA), Australia's other major domestic carrier announced late last year that it would re-equip with the wide-bodied Airbus A-300.

The decision by the two airlines to re-equip with different aircraft is another example of moves in the past two years for the airlines, one of which—TAA—is Government-owned, to go their separate ways. Until 1978 the airlines bought the same aircraft, offered the same routes at the same scheduled times at the same price.

In recent weeks they have been discounting air fares and altering the pattern of their operating schedules.

The Government has welcomed greater innovation and competition within the so-called two-airline policy.

Iran, Japan still at odds on chemical project

By Simon Henderson in Tehran

THE HEAD of the Japanese companies involved in the $3.3bn Iran-Japan petrochemical company plant at Bandar Khomeini has returned to Tokyo after a visit to the site, and it is clear that all is still not well with the project.

Mr. Ali Akhbar Moinfar, the Iranian Oil Minister, said that Mr. Eimei Yamashita, the managing-director of the Mitsui-led consortium, which is the Japanese partner, had returned for a "period of grace" lasting three weeks.

Work on the site officially restarted this month after a year's suspension because of the Iranian revolution and then problems over financial details and the composition of the workforce. However, Iran is apparently dissatisfied over the small scale of present work and has threatened to bring in other experts if Japan does not finish the job which is 85 per cent complete.

Japanese officials in Tehran admit that Mr. Yamashita asked Iran to be given more time to deal with the problems, and they imply that it could be several weeks before work begins on a larger scale. There are about 50 Japanese engineers on the Gulf coast site now compared with 2,000 before the revolution, and they say it will be some time before there are any more.

The Mitsui consortium's 50 per cent investment in the project, which has recently been more heavily underwritten by the Japanese Government, is believed to be a serious embarrassment for the company.

Mr. Yamashita's latest visit—the second in a month—had been expected to iron out remaining difficulties, but official comments that Japan still hopes to reach complete agreement on how to restart it indicate more is to be done. Mr. Yamashita or his deputy is expected to return again to Iran within a month.

French to build canal in Sudan

Cie de Constructions Internationales (CCI) has won a FFr 650m (£69.3m) contract to construct a canal at Jonglei in Sudan, Reuter reports from Paris.

The 360 kilometre canal is scheduled to be completed by 1985 and will cut across a marshy loop in the upper Nile where there is heavy water loss due to evaporation.

Government is warned of 'damaging' policies

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S present policies will rapidly depress and permanently weaken the British economy without oecessorily reducing tbe rate of inflatioo, the Cambridge Economic Policy Group warned last night in a gloomy pre-Budget bulletin.

The bulletin says that, literally interpreted, these policies would cause tbe economy to collapse in a year or two.

The group, 10 economists led by Mr. Wynoe Godley, has been extremely critical of the policies adopted by both the current and last Government on the view that North Sea oil has been used to holster the exchange rate and so to destroy iodustry.

The group has urged the imposition of general import controls. As reported in yesterday'a Financial Times, Mr. Godley's views were strongly criticised by other leading economists at a recent meeting at the Bank of England.

The bulletin anticipates results of the annual Cambridge Economic Policy Review to be publisbed next month.

Mr. Godley's team believes that "in the sbort term, chaos seems assured, with severe recession, loss of financial control by the Government and a high rate of inflation. Finding recovery strategies in these circumstances is a bit like trying to plan the rebuilding of a city which is just going to be shattered by an earthquake."

Tbe key issue, on this view is the rise io the exchange rate to "a level which can ooly be called absurd." The consequent decline io exports and rise in imports will depress oational income and reduce the tax yield by so much that "it would he impossible to prevent any rise in the public sector borrowing requirement over the next two years without introducing restrictive Budget measures worth around £7bn."

If a £7bn package ia regarded as unacceptable the toughest Budget now imaginable, with measures worth £2½bo, would still result in an unprecedently large fall—of at least 5 per cent—in business output this year. Uncmployment would rise hetween 50,000 and 100,000 a month from now on.

The loas of net revenue to the Government through the destruction of income and employment will increase pubtic sector borrowing towards £20bn next year. "In a word, the cootractionary impetus is likely to be so enormons that no acceptable degree of fiscal severity will be able to keep public sector borrowing in sight of the present target."

Recent developments are seen as an aggravation of a longer-term deterioration in manufacturing performance.

The group believes that "any hope of the rate of Inflation coming down next year rests entirely on the exchange rate boldiog up at its present absurd level. If this were to happen, the price paid for a slowdown of inflatioo would bave been wholesale destruction of British industry.

"Realistically, the excbange rate cannot hold indefinitely at its present level. Whether the Government makes its own U-turn or has the tiller wreoched from its hands, the most certain thing about the next 18 months is that the exchange rate must fall."

● The methods and approacb of the Cambridge Economic Policy Group are criticised in an article in the latest issue of The Three Banks Review by Professor Patrick Minford of Liverpool University.

He says: "It is bard to know how to react to a model wbicb pays so little attention to either research or the opinions of the profession at large," though its work" has undoubtedly contributed to the progresa of empirical researcb on the UK economy."

Extension of money growth target urged

BY DAVID MARSH

THE GOVERNMENT should announce a 12 month extension of its present target range for money supply growth in next week's Budget, according to stockbrokers Philips and Drew.

The brokers say in their latest gilt market bulletin this would be the best way of sticking to the Government's policy of reducing monetary expansion.

The Chancellor sbould exteod the present 7 to 11 per cent range for annual growth of sterling M3 to April 1981, but retain June 1979 as the base for setting the guideline.

The target range at present covers the 16 montha from June 1979 to next October.

Extending the target would be more restrictive than the numbers suggest because in January, the latest month for wbich full money supply statistics are available, sterling M3 was growiog at above the target range.

Taking this into account, in order to meet the guideline by April next year sterling M3 would need to grow in the range of 4.9 to 10.7 per cent between January 1980 and April 1981.

Removing the supplementary special deposit or "corset" controls on the growth of bank deposits would further tigbten the maintained monetary guideline, the stockbrokers say.

Operation of the scheme has distorted money market flows, by leading to the development of credit markets—sucb as banking acceptances—outside the scope of the banking statistics.

RAY PERMAN EXPLAINS THE PROBLEM FACING A SCOTTISH VEHICLE

Stonefield trucks create dilemma

By Ray Perman, Scottish Correspondent

Two versions of the Stonefield 4 x 4 vehicle: Will a buyer be found to keep it in Scotland?

IN ITS efforts to resolve the Stonefield Vehicles crisis, the Scottish Development Agency faces a dilemma: to ensure the success of the venture, the agency migbt bave to sacrifice its originial objective in backing the company—the creation of jobs in an area that badly needs them.

Stonefield, which makes a range of rongh terrain trucks, had absorbed nearly £3.3m wben the agency went to the Government last year to ask fur another £2m to keep it going. The reply of Mr. Alex Fletcher, Scottish industry Minister, was to sanctinn only a further £600,000 and to order the agency to search urgently for a buyer for all nr part of its 76 per cent holding.

That money has nearly run ont (and may last less than o month) and the qnest for a takeover has so far been unsuccessful. Inquiries in Japan and Europe came tn nothing, talks with a U.S. businessman were called off, and the main bope now is a UK group with experience in the motor industry.

The agency first invested in Stonefield in 1976 when it was approached by the company's founder, Mr. Jim McKelvie, a dynamic local entrepreneur who had already made his fortune twice over and was convinced he was going to do it a third time.

There was every reason to believe him. He had a survey, suggesting there was a gap in the market and potential sales of 2,000 vehicles a year, contacts to help sell the trucks in the initial period and the drive to push the project through. Best of all from the agency's standpoint, he wanted to base his company at Cumnock, Ayrshire, a town hadly hit by industrial closures.

Less than a year later, Mr. McKelvie died and the problems began. Money was the first one, solved by increasing the agency stake from 49 to 76 per cent. Management was less easy, and it took six months to find a managing director of experience and ability who was prepared to join an unknown firm backed hy a little-known, Government-funded hody.

But the biggest difficulty of all was in selling the vehicle. The Ministry of Defence, the biggest potential customer, took much longer than expected to test and approve the Stonefield, and finding UK ond overseas distributors proved a beadache. A few sales were made, but not enougb to cover the operating costs and, in spite of a cut of o third in the workforce, the losses have mounted.

Inside the agency there are two lines of thought about what would be the best outcome.

One supports the Government'a stand, arguing that the money must run out at some time and it would be best if the company found a buyer with the resources to continue developing the truck (particularly for defence, fire fighting and ambulance work) and to market it properly through established dealer networks.

The other view fears that if sucb a company can be found, it will probably decide sooner or later that production can be done more easily and cheaply somewhere else—perhaps in the Midlands, or wherever else the buyer has its own manufacturing plant.

In spite of its neat modern factory and its loyal workforce, there is nothing now done at Cumnock that could not be done more cheaply in a larger plant where overheads were shared with other products. The truck relies on bought-in components for its engine, gearbox and axles, and its chassis, although ingenious in its design, is a aimple fabrication.

Finding another entrepreneur, an individual prepared to take a personal interest in the factory as it stands, would be the ideal solntion, but time is short and the agency may not be able to afford to turn away a company which might end up absorbing Stonefield into a larger industrial group.

In that case the Scottish Development Agency could end np baving paid the development costs of a promising new prodnct, but seeing little benefit from it for the Scottish economy.

For whatever happens, the agency has little prospect of getting much of its money back. A potential bnyer, if one can be found, will have the option of using the fact that the agency is negotiating against the clock to lever the price down, or waiting until the company is liquidated and buying it from the receiver.

House prices 'mainly stable'

BY MICHAEL CASSELL

HOUSE PRICES are stable or rising only slowly, according to tbe Royol Institution of Chartered Surveyors.

In a poll of more than 100 estate agents throughout the country 60 per cent reported no change in overage prices, although fewer reported cases of falling prices.

In the three months to the end of January nearly 20 per cent of agents said they were recording lower house prices. By the end of Februery tbe figure had fallen to only 9 per cent.

Of the agents who snggested that prices were rising most soid the increases were confined to between 2 and 5 per cent. Last year average new honse prices rose about 30 per cent, although they increased only 5 per cent in tbe first quarter.

Mr. John Thomas, deputy chairman of the RICS public relations group, said: "Most firms report more activity and an increased number of housea and flats available. More house sellers are plocing their hnmes in the hands of agents than in the previous few months.

"Fewer agents report price falls and tbe expensive house is much in demond.

"Most agents agree tbat with prices continuing to hold through the winter months, there is very little doubt that tbey will he higber by midaummer."

Balance of payments deficit grows

BY OUR ECONOMICS CORRESPONDENT

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,390	9,023	120.1	113.6	105.0	−625
	2nd	8,676	8,862	121.0	109.1	104.5	−419
	3rd	8,933	9,401	122.5	115.0	106.1	−497
	4th	9,072	9,278	122.5	112.9	106.5	−458
1979	1st	8,373	9,961	109.0	116.9	107.0	−235
	2nd	10,658	11,144	135.3	128.9	106.4	−229
	3rd	10,641	11,134	129.8	128.1	106.8	−158
	4th	11,017	11,762	129.3	128.9	103.7	−157
	Sept.	3,549	3,760	129.3	127.5	105.5	+ 12
	Oct.	3,484	3,902	124.7	129.7	104.4	− 96
	Nov.	3,760	3,835	131.8	125.8	104.1	+ 27
	Dec.	3,773	4,025	131.3	131.2	102.6	− 38
1980	Jan.	3,879	4,200	129.9	128.3	100.9	− 74
	Feb.	4,133	4,359	136.8	129.1	100.6	− 52

* Ratio of export prices to import prices

Source: Department of Trade

THE UK deficit on its balance of payments current account bas increased since last summer. In the three months to February there was a deficit of £676m, as much as in the second and third quarters of last year combined.

In the latest three months the deficit on visible trade wos £799m, compared with £704m in the September to November period.

There were improvements in the balonce of trade for most commodity groups, particularly for food, beverages and tobacco, and to a lesser extent chemicals. These were more than offset by a sbarp increase in the deficit on trade in oil, caused by higher oil prices, and by a worsened balance on erratic items such as ships, precious stooes and aircraft.

The terms of trade—the ratio of export prices to import prices—has continued to decline, falling by about 3 per cent on a three-month comparison. The fall is partly due to increased prices of oil and silver.

The surplus on invisible trade—services, interest, profits and dividends, and transfers—is estimated at £50m a month. The latest figures cover the fourth quarter, wben credits were £5.57bn and debits £5.5bn, giving a surplus of £71m in the quarter. The invisibles surplus of the private sector and of public corporations (excluding transfers) was £1.06bn in the quarter, almost offset by a deficit on Government transactions.

State aid to the arts up to £70m

By Antony Thorncroft

THE ARTS COUNCIL is to receive £70m from the Government in 1980-81, of which £69m will go towards revenue for the council'a 1,200 clients and £1m is earmarked for capital projects.

The total confirms the advantage for the arts in having, in Mr. Norman St John-Stevas, a Minister for the Arts wbo is also a member of the Cabinet and a force in the Government.

In a period of widespread cuts in Governmeot spending the arts bave escaped relatively unscathed. It is difficnlt to arrive at a precise percentage increase in the subsidy because the 1979-80 figure of £61.27m included a £1.5m contribution towards the Royal Opera House, Coveot Garden rebuilding appeal after a £1.5m cut in the Government's initial round of expenditure savings.

But the arts can be reckoned to have received at least 14 per cent more, which is rougbly in line with the Government's inflation forecast for the year.

Despite Mr. St Jobn-Stevas's achievement, the council still faces financial problems in the coming year.

Its attitude to tbe June, 1979 Budget reduction was to confirm its clients' grants for 1979-1980 but warn them of o 2 per cent reduction carried through to the next financial year.

The council has outstanding commitments from previous years of a record £6.424m, and these will have first claim on its attention.

Very few new ventures will be backed in 1980-81 and current clients cannot all expect an increase io aid in line with inflation. Even so the council believes that any cuts in real terms should not cause too many new problems.

Footwear deliveries '3% down'

IN THE three months ended December 1979 deliveries in the footwear industry were estimated to be 3 per cent lower, on a seasonally adjusted basis, than in the previous three montha.

According to figures published by the official magazine, British Business, new orders were 26 per cent higher than in the previous three months. At the end of December orders-in-band were 2 per cent higher than those in September 1979.

The index of outpnt in the three months ended December 1979 was 3 per cent compared to the three months ended September 1979.

Figures published on domestic furniture deliveries and orders in January, by British Business, show that domestic furniture deliveries in that montb were provisionally estimated at £84.1m at current prices.

The seasonally adjusted index of deliveries for tbe month was 100 wbile the average for the months November to January was 105 wbicb is 7.2 per cent lower than tbe revised figure for the previous three months, August to November, and 1.9 per cent lower than tbe figure for the same period one year ago.

EIB lends £69m for rail, nuclear, sewerage projects

BY JAMES McDONALD

NEW LOANS worth £69m (106.7m Units of Account) have been granted by the European Investment Bank for Britisb railway, nuclear power and sewerage scbemes.

The EIB is the EEC's bank for long-term finance.

A loan of £25m bas been made to the British Railways Board for 12 years at 12.25 per cent. This is towards construction of 18 bigh-speed (125 mph) diesel-electric passenger trains, and adaptation nf four depots to bandle maintenance work on them.

The trains will run on the main line linking Scotland and North-East England with South-West England and Sonth Wales.

The depots are at Edinburgh, Leeds, Plymouth and Cardiff.

The cost of the scbeme is £50m.

This follows loans to BR for similar projects—£36.9m in 1978, £7.2m in 1977, and £11.6m in 1976.

In each case the bank has given support becanse of the importance of faster, better communications in promoting regional development.

The South of Scotland Electricity Board bas been granted a £25m loan for 15 years at 11.9 per cent. This is to belp finance construction of the nuclear power station at Torness, East Lothian.

The loan goes towards building two 660-MW advanced gas-cooled reactors, due to come on stream in 1986-87 and 1987-88. A nuclear power station of thia size can save the equivalent of more than 2m tonnes of oil a year.

The remaining £19m goes in two loana to the National Water Council:

● £12.3m for 13 years at 12.3 per cent will be passed on to Northumbrian Water Authority, to belp finance the £110m sewerage and sewage disposal scheme on Tyneside, towards wbicb the EIB bas already provided £40m;

● £6.7m for 14 years at 12.3 per cent goes to Yorkshire Water Authority for the £43.5m improved sewerage and sewage diaposal project in the Sbeffield areas, towards which tbe EIB has already lent £15m.

Both projects are aimed at attracting new industry to compensate for labour-shedding, in the shipbuilding aod beavy engineering industries in the Tyne area and in the steel and coal industries in the Sbeffield area.

More help for blind urged

By Lisa Wood

A CALL for more proctical belp to be given to the blind by electricity boards ia made today by tbe Electricity Consumers' Council.

Blind people have particular problems in identifying meter readers and other officials, the council says in a discussion paper, Electricity Board Services for Blind Consumers.

It suggests wide publicity of existing password schemes.

The paper also recommends otber hoards to follow the example of the North Western Electricity Board which reduces the call-out charge for small repairs which blind consumers are unable to do.

None of the electricity hoards provide information or bills in braille, so the Consumers' Council urges the Electricity Council to finance a cheap information pack in braille or on audio tope for distribution by organisations wbich cater for the blind and partially sighted.

Extra grant for island ferries

THE GOVERNMENT plans to increase ferry subsidies to Scottish Island communities. The scheme, whicb will be phased in over several years, could cost up to £5m a year at 1979 prices.

Lord Mansfield, Minister of State at the Scottisb Office in Aberdeen, said yesterday that tbe Government was committed to using transport subsidies to reduce the cost of the "road to the isles."

The casb will be in tbe form of the Road Equivalent Tariff—subsidising the cost of transport as if the aame journey bad been made by road.

Lord Mansfield said: "We are going to travel along the road to a full RET or its equivalent."

This year, Caledonian MacBrayne will receive a block grant of £5m to reduce deficits on its 25 services operated to the Western Isles, and P & O, serving Orkney and Sbetland, will receive £1.6m — representing an extra £500,000 fnr the Northern islands and £1.3m for the Western routes.

The deadline of July 31 bas heen set for representations from island groups. The subsidies will be introduced in pbases over several years.

Last night tho scheme was welcomed by island local authorities.

Communicator of the year

SIR JAMES GOLDSMITH, chairman of Cavenham Foods and publisher of Now! magazine, was yesterday named "Communicator of the Year, 1980."

The award, for outstanding contribution to communication in trade and industry, was presented by Mr. William Whitelaw, Home Secretary, on behalf of the British Association of Industrial Editors.

QC tells of 'mirror image' fraud

By Raymond Hughes, Law Courts Correspondent

CONSPIRACY and commercial fraud on a large scale were alleged in the High Court yesterday against seven former employees of Sybron Corporation of the U.S. and its UK subsidiary, Gamlen Chemical Company (UK).

Mr. Andrew Leggatt, QC, for Sybron and Gamlen, told Mr. Justice Walton that there had been a conspiracy to set up a "mirror image" business in competition with Sybron in Europe.

He alleged that, while still employed by Gamlen, the conspirators had carried out their plan in such a way as to hide and disguise their interest in the new venture, which had involved setting up a group of companies under the name Rochem.

The hearing, expected to last eight weeks, is concerned only with questions of liability. Any damages due would be decided at a subsequent hearing.

The defendants — Rochem, Rochem International, Rochem (Equipment), seven former employees of Gamlen, and three others — deny the allegations against them.

Mr. Leggatt said Sybron had a worldwide network of companies specialising in the sale of chemicals and equipment, in particular for cleaning ships and industrial plant. Gamlen operated in the UK and there were other subsidiaries in various European countries.

The essence of the conspiracy had been that certain of the individual defendants had, with foreign representatives of Sybron, assisted in setting up the Rochem companies.

In breach of their duty of good faith to Gamlen, the employees had conspired to set up the rival concern in each of the countries in which Sybron operated.

During and after their employment by Gamlen, the conspirators had: sought to persuade other Gamlen employees to join Rochem; used their knowledge, particularly of Sybron's formulae and chemical manufacturing methods, for Rochem's benefit; and represented to prospective customers that Rochem was operating as successor to Sybron and Gamlen, which were said to be going bankrupt or out of business.

The conspirators had also sought legal advice from Sybron and Gamlen's solicitors about the remedies that would be open to the two companies against Rochem — while affecting to know nothing about Rochem, said Mr. Leggatt.

A variety of orders are sought against the defendants—declarations, injunctions, accounts and damages — including damages for conspiracy, injurious falsehood and unlawful interference with contractual relations.

The hearing continues today.

£3,200 paid for 'lost' Gainsborough

A "LOST" PENCIL drawing by Gainsborough, which has not been seen in public for 50 years, sold for £3,200, twice its estimate, at a Phillips auction of watercolours and drawings yesterday. It showed a man and a woman in a wooded landscape.

A pencil-and-chalk drawing by John Frederick Lewis of an Arab guard was bought by Reed for £2,600. The sale totalled £55,055.

At Christie's auction of art nouveau, art deco and studio pottery an Argy Rousseau pate-de-verre oviform vase went to Arwas, the London dealer, for £2,300. A large Gallé cameo oviform vase realised £1,800 to the Brook Street Gallery. Bennett, also of London, paid £1,800 for a stoneware circular dish by the Japanese potter Shoji Hamada.

SALEROOM

BY ANTONY THORNCROFT

A Bena Lula wood protective figure, 9½ inches high, from Africa, made the top price of £3,800 in a routine sale of tribal art at Sotheby's. The British Museum paid £90 for a group of six pre-Columbian textile fragments from Peru. The top price on the first day of a printed book sale was £2,600 for the 20-volume Botanical Cabinet of 1818-1833, by Conrad Loddiges.

On March 20 Sotheby's is to sell the earliest known English piano.

It was made by Johannes Zumpe in 1766 and is one of 11 keyboard instruments from the collection of John Broadwood and Sons, the most celebrated keyboard manufacturer of the 18th and 19th centuries.

The invention of the piano is attributed to Bartolomeo Cristofori of Florence in 1709. The earliest extant piano, dated 1720, is in the Metropolitan Museum, New York.

The Zumpe is expected to go for between £2,500 and £3,500.

Tough financial goals set for British Rail

BY LYNTON McLAIN

THE GOVERNMENT yesterday set British Rail tough financial targets for its loss-making freight business and its successful Inter-City passenger service, as a first step towards making both financially independent and able to justify new investment.

Mr. Norman Fowler, Transport Minister, told MPs the aim was that the businesses should, as soon as possible, "be able to support the renewal of their assets."

The final target date for this is still being discussed by the Government with British Rail.

In the meantime the interim financial targets published yesterday will enable the Government to measure progress towards the required improvement in the business performance of rail freight and Inter-City.

The results achieved between now and 1982—when the interim targets will be reviewed—will be used to decide the level of new investment. This will include investment in the 150 mph advanced passenger train (APT) which BR hopes will enter limited service to Scotland in May.

British Rail would like Government approval for 60 APT train sets, valued at a total of more than £150m. Approval will depend on Inter-City making substantially more profit.

The Government's general objective is that freight and Inter-City services should be able to support renewal of assets by earning an operating profit, at current cost, sufficient to yield a required rate of return on investment. This would be after each sector had covered all costs, including a share of the indirect costs—track, signalling and other fixed costs—of the rail network.

Mr. Fowler said the targets demand "significant changes and developments in the businesses."

In particular, rail freight "will have to secure major improvements in productivity." This is a reference to the urgent need—now being discussed with the rail unions—to close 458 rail freight terminals and 38 wagon marshalling yards.

The freight business accounted for most of BR's £9.6m operating loss in the first half of last year. But freight managers hope an annual operating profit of £100m for rail freight is possible—with major productivity gains—by the 1990s.

The targets call for rail freight to cover two-thirds of its current cost depreciation and amortisation in 1982, with further progress into the mid-1980s.

In 1978, freight activities covered less than a third of this on a current cost basis, after an agreed contribution to indirect costs of track, signalling and administration.

Inter-City services, which contributed £94m to indirect rail costs in 1978 (equivalent to £105m at 1979 prices) is now expected to contribute £133m at 1979 prices in 1982, after covering the full current cost depreciation and amortisation of Inter-City assets.

Lloyd's will discuss settlement if Sasse action is dropped

BY JOHN MOORE

MR. PETER GREEN, chairman of Lloyd's of London, hinted yesterday that Lloyd's would be prepared to discuss a financial settlement with members of the troubled Sasse underwriting syndicate, which is facing more than £20m of losses, if the members decide to drop their legal action against Lloyd's.

At a press conference in London yesterday Mr. Green said if the 46 members of the 110-strong syndicate withdraw their legal actions and admit their claims are groundless, then a "financial settlement would be discussed."

But Lloyd's added last night that the members of the syndicate would need to prove that substantial irregularities may have occurred before the 16-strong ruling committee met to discuss a settlement. Even then, any suggested settlement would have to go before a meeting of the 18,500 private members of Lloyd's for approval.

Mr. Green's remarks were made as the second part of Lloyd's defence was filed in a legal action started by 38 members of the syndicate, who have alleged that Lloyd's was in breach of its duties to the members. Another eight members of the syndicate have filed another action against Lloyd's on similar lines.

In its defence, which has been sent in outline to the 18,500 members of the market, Lloyd's has explained that a market screening procedure, which ensures that holders of underwriters' binding authorities are suitable, is not compulsory.

"It is solely a matter of underwriting judgment" whether to grant a binding authority to a person who has not received approval under the screening process, which is known as the tribunal system, says the defence.

But Lloyd's admits in the course of its defence that by May 1976 it had learned that there were rumours suggesting that a holder of Sasse syndicate binding authority, a company called Den-Har of the U.S., had questionable associates.

Lloyd's further admits that, although Den-Har had not received tribunal approval, it had been agreed within the market that all business produced by that firm should be processed through the Lloyd's Policy Signing Office.

A volume of business which had been produced by a Canadian binding authority in 1978, which had not been processed by the Lloyd's Policy Signing Office, was signed into an earlier year, 1977, at the instructions of the ruling committee because the contracts of insurance were binding, and had been bound in the 1977 underwriting year.

Mr. Green has told members of the market: "We believe our defence provides a good answer to the claims made against Lloyd's."

Automotive Products develops cheap automatic transmission

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN AUTOMATIC transmission which may increase the use of automatic cars world-wide has been developed by Automotive Products, the UK motor components group.

Mr. George Pears, the company's managing director, said it represents an important technical achievement and "could have a significant medium- to long-term impact on profitability."

The company said the transmission had great potential because it was as efficient and economic as a manual gear-box but was cheaper to make than conventional, fully-automatic transmission.

Mr. Pears said yesterday: "The two factors which have inhibited growth of automatics in Europe have been high initial cost and excessive fuel consumption. We believe our new design will overcome these problems for good."

Interest in the unit had been expressed in the U.S. The company said that because of its low weight, high efficiency and economy, and low emissions, the design "is tailor-made for the new generation of smaller, front-wheel drive American cars."

The company estimates that about 32m transmissions, manual and automatic, are produced annually world-wide.

It hopes to persuade manufacturers of conventional gear-boxes to convert existing plant or to set up new facilities to produce the new automatics, using its expertise. One plant could produce automatic and manual gear-boxes.

Automatic Products would provide a specialist package, including two clutches used in the new unit, and hydraulic actuation and electronic control equipment. The electronic equipment has been developed with the help of a UK partner.

The company said it would not have to find vast sums for its own transmission facilities. It would need only to invest in enlarging the scale of production of the components it produces already as demand for the new unit increased.

Automotive Products has manufacturing operations in the UK, U.S., Italy, France, Australia, South Africa and licensees in Japan, South America and Spain. It said it has the international capability to slot into world components-supply systems of major vehicle manufacturers as they develop.

The design is the brainchild of Mr. Harry Webster, the company's engineering director. He set out to "convert" a manual gear-box into a fully automatic transmission.

The unit's central feature, developed over the past two years, is being patented world-wide.

The design, especially suited for engines mounted transversely, can be adapted for most engine-transmission layouts. It can be applied successfully to cars with engines from 750cc upwards, and light trucks, the company said.

Further developments already under way include five- and six-speed versions of the gearbox. The company said its research showed that a wide spread of gear ratios — as provided by the six-speed box — could give considerable fuel saving. "Extensive evaluation of a six-speed gearbox shows an overall economy of 25 per cent compared with a four-speed transmission," it said.

● World production of diesel-engined cars will reach 1.5m this year, double the level two years ago, according to Lucas CAV, the UK group which makes fuel-injection systems for diesels.

Lucas said its market research indicated that up to 10 per cent of total world car output could be diesel-powered by 1985.

"The boom in sales is likely to continue for years as an increasing number of motorists look to the diesel's better fuel economy to help them cut their motoring costs."

Major changes are expected in Europe this year. In Italy, diesel car production is likely to be double last year's 50,000; in France, which produced 190,000 diesel cars in 1979, production may reach 250,000 this year.

Midlands 'beer-watering' probed

BY GARETH GRIFFITHS

AN INVESTIGATION into alleged watering-down of beer in public houses in the West Midlands is being made by trading standards officers, who believe the custom is widespread in the region.

The inquiry has lasted more than six months. In the past fortnight four public house landlords in Coventry have been fined for selling watered beer to customers. A fifth publican is due to appear before magistrates soon.

In one case a landlord added nearly 13 per cent of water to bitter to increase his profit margins. The amount of water added varied between 6 per cent and 12.9 per cent. West Midlands County Council's Trading Standards Department said yesterday.

Mr. Charles Hicks, the West Midlands Trading Standards officer, said his department was making tests on about 100 samples of beer suspected of being watered down. All the samples have come from public houses, as clubs are much more difficult to supervise.

All types of beer appear to have been watered down, he said. All the pubs in Coventry which have been taken to court belong to the Mitchell and Butler's group. It appears that tied houses are the main trouble-spots, rather than the free trade.

The brewers have all extended full co-operation to the investigators. A Brewers' Society spokesman said last night the industry was keen to ensure that no adulteration of supplies took place, but the West Midlands examples were "one-off" cases.

Brewers say the "traditional sophistication" of the British beer drinker provides the major defence against widespread watering-down. West Midlands County Council disagrees.

Councillor Mrs. Joan Secombe, chairman of the council's Trading Standards Committee, said it was very difficult for customers to detect whether a small amount of water had been added by the pub manager because the colour and taste were "virtually unchanged."

Adulteration of beer supplies is covered by the Trade Descriptions Act and the 1955 Food and Drugs Act. Investigations are normally carried out by local authority officials after complaints from the public.

It is understood that investigations in Nottingham are being carried out by the police after allegations of watering.

It had been assumed that introduction of keg beer would provide a major defence against adulteration. Beer, which consists mainly of water, had often been watered down, particularly in the period before the First World War and extension of brewery control over most of the trade.

● The 15,000-strong National Association of Licensed House Managers will start a campaign opposing expansion of "pub-style" licences by magistrates.

Mr. Harry Shindler, the general secretary, said yesterday the position had become "horrific and dangerous," with licences granted to "almost anybody."

His comments followed the Home Office announcement that last year the number of on-licence premises rose to 88,800.

Millbank offices to be used by police

BY MICHAEL CASSELL

DETAILED PROPOSALS for redeveloping the 27½-acre Millbank estate, close to London's Vauxhall Bridge, were unveiled by the Crown Estate Commissioners yesterday. It will cost £75m at current prices.

At the same time, the Commissioners said the Metropolitan Police has agreed to take a lease on 217,000 sq ft of new office space there for use as administrative headquarters. There will be five-yearly rent reviews, although no rental has been disclosed.

Part of the office space to be occupied by the police, located above Pimlico Underground station, was originally earmarked for occupation by the Confederation of British Industry, which has since decided to move to Centre Point, in the West End of London.

Work on the first phase of the office complex, and on other sections of what is primarily a residential redevelopment scheme, is already under way and the Commissioners estimate that the project will be completed in the mid-1980s. Another 105,000 sq ft of office space is planned.

The Commissioners say their plans represent the first attempt this century to recreate a major London square, but there has been controversy locally. The Millbank estate has a large complement of period houses—designed and built by Thomas Cubitt, the 19th century master builder—and some are being demolished.

The Commissioners emphasised yesterday, however, that their proposals involved either refurbishment behind old facades or rebuilding in replica—what they described as "compatible form."

Traffic to the east side of Bessborough Gardens will be restricted. A new riverside underpass will be built and extensive alterations made to Vauxhall Bridge Road. About 860,000 sq ft of housing will be provided, of which 630,000 sq ft will be new.

Of the present 500,000 sq ft of residential accommodation, just over half will not be retained. There will be nearly 800 "fair rent" homes as well as several private housing areas.

Two new town squares and a riverside block of luxury flats will be built, and improved public gardens provided.

Telegrams set to lose £25m

By John Lloyd

THE POST OFFICE'S telegram service is likely to lose £25m this financial year, roughly in line with last year's loss of £27m.

The corporation said yesterday that it will raise telegram charges by an average 35 per cent from April 1—the first rise in nearly five years.

The basic charge will rise from 70p to £1, and the price per word will rise from 7p to 10p.

The Post Office Users National Council, which was consulted on the increases, have agreed they were necessary, and welcomed the corporation's commitment to retaining the service. The report of the Post Office Review Committee (Carter Committee) in 1977 recommended that the service be dropped.

Instead, the corporation has attempted to boost the service, and has had some success. Though the basic inland service dropped from 1.9m telegrams in 1977/78 to 1.85m in 1978/79, and overnight telegrams fell from 202,000 to 186,000, greeting telegrams rose from 1.1m to 1.25m. Total telegram traffic rose from 3.2m in 1977/78 to 3.3m in 1978/79.

The corporation also plans to cut costs by reducing the number of national telegram handling centres from about 20 to nine.

Railmen's union calls for one-day general strike

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is being advised by the National Union of Railwaymen to call a one-day general strike on May 14 in protest at the Government's economic and labour policies.

Mr. Len Murray, TUC general secretary, has so far suggested that the May 14 demonstration will be a voluntary protest. But the NUR national executive committee, which is already backing the steel strike, said yesterday that next week's TUC general council should call on all 110 affiliated unions to "instruct" their 12m members not to turn up for work.

The present mood of the general council, which is especially angered by Government plans for labour law reform, suggests that the NUR's advice will be given a serious hearing.

Mr. Sid Weighell, NUR general secretary, referring to the TUC sponsored demonstration against the Government in London on March 9, said it was "not sufficient to wave banners in Trafalgar Square.

"The only way we can make the Government listen is to stop Britain for 24 hours."

But Mr. Weighell said the NUR would follow whatever advice the TUC gave. If this was for something less than a general strike his union would consider its position again.

He accused Mrs. Thatcher of following policies that would have disastrous consequences for British industry. She is "trying to run Britain like running a grocer's shop in Grantham," he said.

● London Underground staff on the north-west section of the Jubilee Line are threatening to go on unofficial strike from 10 pm on Friday until Sunday morning in protest at assaults and hooliganism at Neasden station.

The weekend strike may be repeated until more security is provided. The NUR is meeting London Transport today to ask for better police protection.

Local councils stand firm

BY PHILIP BASSETT, LABOUR STAFF

LOCAL AUTHORITY employers yesterday stood firm against industrial action by white-collar council staff. They refused to improve their pay comparability offer and decided instead to give councils detailed guidance on handling the dispute, including the suspension of staff if necessary.

At the same time the National and Local Government Officers Association, whose members' action is halting work on rate demands, decided to ballot its air traffic control members at provincial airports on a four-day strike over Easter in support of the unions' comparability claim.

The executive of the employers' side of the local authorities' joint council, covering the 560,000 staff involved, decided unanimously yesterday not to improve the present comparability offer of 6-12 per cent.

A statement from the employers said the offer gave increases in pay at the lower end of the 31-point scale of "almost 16 per cent to a period of six months and 22½ per cent in the higher ranges."

This method of presenting the offer, though, includes the first part of the settlement of 9.4 per cent from last July, already paid. The statement therefore signifies no change in the employers' offer on comparability of 6-12 per cent to run from January this year.

The unions claimed 10-22 per cent on comparability after agreeing to accept the 9.4 per cent increase.

Mr. Brian Rusbridge, secretary of the employers' side, said the executive had discussed whether an improved offer would be justified by the four comparability reports and the financial position of the local authorities before deciding to maintain the present offer.

The executive studied reports from the 13 provincial joint councils on authorities' responses to the unions' rejection of the offer, and written submissions from about 10 per cent of the 456 authorities covered by the negotiations.

The employers denied the unions' claims that they had broken promises to the staff side, and said they would meet the unions "at any time to bring the matter to a conclusion."

The executive also decided to send councils guidance notes on handling the dispute, based on those sent out in December by the Department of Health and Social Security after widespread industrial action the previous winter by hospital ancillary workers and ambulance staffs.

The DHSS guidance was prepared with legal advice, though it was not a statement of law. Mr. Rusbridge said yesterday the guidance to councils would have the same standing.

It stresses that councils have the right to suspend staff without pay if they refuse to carry out even part of their normal duties. NALGO has instructed its members to black all work on rate demands, for example, which could be taken as a refusal by staff to work normally.

Mr. Rusbridge said it would be for individual councils to decide what action to take. Some authorities had already prepared contingency plans to deal with the action.

NALGO's strike operations committee, which was still meeting last night, decided to ballot its air traffic control members on a four-day Easter strike at Luton, Coventry, Leeds/Bradford, Swansea, East Midlands, Bristol, Gloucester, Liverpool and Birmingham.

The union said ATCOs at all those airports had already indicated they favoured industrial action to support the comparability claim. The union is still consulting its members at other local authority airports.

Bid to reject PO staffing plan fails

BY NICK GARNETT, LABOUR STAFF

AN ATTEMPT to reject totally a national staffing and productivity deal crucial to postal operations was defeated by a six-to-five ratio yesterday at a special conference of the Union of Post Office Workers.

The deal could have a vital bearing on the Post Office's structure and will almost certainly influence this year's pay negotiations for postal workers.

The conference rejected, however, the special evening allowance linked to the proposals. It instructed negotiators to seek a new night-duty allowance of 30 per cent of basic pay, which would be more costly.

The union's executive is faced with the task today of fending off other proposed changes to the package, which was recommended as a whole by union negotiators.

The package still appears to be fully intact, but any further defeats for the executive at the conference in Bournemouth might jeopardise the Post Office's ability to introduce staffing changes.

The proposed staffing deal, which affects about 115,000 postal workers, includes the use of casual labour this summer, less restrictive promotion rules, and a new cadet force. There would be some money improvements and a two-hour reduction in the working week next year.

The arrangements, if finally agreed today, will improve postal performance. This is important for the management and the union in their attempts to resist any break-up of the postal monopoly.

The national monopoly is under study by the Department of Industry and the London service is now the subject of a Monopolies Commission report.

It could also have an impact on this year's wage negotiations, due for settlement next month.

Mr. Tom Jackson, the union's general secretary, said that the Post Office has budgeted for an 11 per cent pay rise this year, while the union has submitted a 20 per cent claim.

Referring to the proposed staffing measures, he said they would help to improve business performance. This should give the Post Office more elbow room in negotiations with the union.

The executive told the conference that the staffing package was the minimum the Post Office would accept for the improvements it had offered, and management would not accept major amendments.

Pay ballot at Norwich Union

By Our Labour Staff

WHITE-COLLAR staff at Norwich Union Insurance Group are to be balloted on a 23 per cent pay offer. Their union, the Association of Scientific, Technical and Managerial Staffs, is recommending acceptance.

The offer gives the 500 staff a 20 per cent increase from April 1 with a further 3 per cent on October 1. ASTMS said yesterday the negotiations had been concluded within nine months of pay increases of 20 to 24 per cent being agreed.

Other items include a 35-hour week, improved holidays, retirement at 60 and an annual supplement of £354 for workers in Northern Ireland.

The company said the pay increases anticipate the group's "excellent" results which will be announced in May.

School strike to go ahead today

By Our Labour Staff

A PLANNED strike at 10 Nottinghamshire schools will go ahead today after teachers failed in a last-minute bid yesterday to secure reinstatement of a colleague. It is to continue until March 27.

Education officials met NUT leaders at Robert Mellors Primary School, Arnold, where Mrs. Eileen Croshie, 34, was suspended in January after refusing to take a nursery class which she said was too big. After the meeting, Mr. James Stone, the county education director, said: "The suspension will continue."

One of the teachers, who have held selective strikes at several schools, said: "We are disappointed. We thought there was a real chance of a breakthrough."

Scargill calls for £10,000 miners on four-day week

COALFACE workers should be paid £10,000 a year, work a four-day week and be entitled to retirement at 55, Mr. Arthur Scargill, the Yorkshire miners' leader, said yesterday.

If all management and clerical grades in the industry could have the guarantee of a salary arrangement, there was no reason why those who actually produce the coal should not enjoy the same facility, he said.

Mr. Scargill, in his presidential address to the annual meeting of the National Union of Mineworkers' Yorkshire area council in Bansley, said a four-day week would result in employment for an additional 50,000 men.

Provided they controlled the amount of overtime worked it would stop miners being bitten by the "overtime bug."

"We can also ensure that our men enjoy a well-earned leisure period with their wives and families."

Mr. Scargill said surface workers should be offered retirement at 60.

He accused Mrs. Thatcher, the Prime Minister, of declaring war on the trade union movement.

"The plutonium blonde in No. 10 is determined to crush the miners. The Tory Government's proposals (for nuclear energy) are a recipe for confrontation."

Earlier, a group of miners, led my Hickleton colliery faceworkers Mr. Tom Barratt, picketed the union's Yorkshire headquarters in Barnsley.

Mr. Barratt handed in an open letter challenging Mr. Scargill to submit himself to a secret ballot for re-election as area president. He accused Mr. Scargill of using the union for political purposes to the detriment of members.

Mr. Scargill said he supported five-yearly elections.

Farming writers plan boycott

THE Guild of Agricultural Journalists, which represents almost all the agricultural journalists in Britain, decided at its annual meeting to recommend its members to boycott the conference of the Union of Agricultural and Allied Workers in Cromer in May because that union had decided to admit only those reporters who are members of the National Union of Journalists.

Laing asks for top-level talks

JOHN LAING Construction has asked for emergency negotiations at national level in a bid to end the strike which has halted work on the £30m Queensgate regional shopping complex in Peterborough. The labour force of 280 walked out on Thursday in protest over the employment of sub-contractors. Pickets have sealed off the site.

The company says extra workers are needed because of difficulties in recruiting skilled labour. It had asked for conciliation by the regional panel of the building industry's national joint council.

UK NEWS—PARLIAMENT and POLITICS

Shore warns PM on Olympics

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVE Government has made a "total botch" in its handling of the Moscow Olympics, Mr. Peter Shore, Labour's foreign affairs spokesman, claimed in the Commons last night.

Opening the debate on the Government's call to British athletes to boycott the Games, Mr. Shore warned the Prime Minister "the British people can be persuaded but they always refuse to be bullied."

He *said* that if *British* contestants flouted the Government's wishes and insisted on attending the Games it would be a "gift" to Soviet propaganda.

What had started out as a reasonable and widely shared objective had been turned by the incompetence and mishandling of the Government into a source of serious division which would do great damage to the country.

Mr. Shore said that after being rebuffed by Sir Denis Follows, chairman of the British Olympic Association, Mrs. Thatcher in her anger and frustration had turned on the athletes themselves. Some saw this as the smack of firm government but others called it "a taste of tyranny."

The House was considering a Government motion condemning the Soviet invasion of Afghanistan and asking MPs to endorse its view that Britain should not take part in the Moscow Olympics. At the end of the night MPs were being allowed a free vote on the question.

There were scornful jeers from the Tories when Mr. Shore advised Labour MPs to abstain on the Government motion. He asked them to support the Labour amendment which condemned the invasion but regretted the failure of the Government to consult properly with sporting bodies in Britain.

The amendment emphasised the right of individuals to make their own decisions and argued that an effective response on the Olympics could only be achieved through agreement among governments and sporting authorities in western Europe and the United States.

The debate was one of the most muddled which the House has heard for a long time. In addition to the Opposition amendment, eight others appeared on the order paper.

In the middle of his speech, Mr. Shore came under attack from his own Left-wing. Mr. Eric Heffer (Lab. Liverpool Walton) asked if he was saying that British athletes should stay away from the Olympics if the other Western countries agreed to do so.

Mr. Shore agreed that this was his position and Mr. Heffer told him: "That is totally contrary to the widely held view on this side of the House and in the mass of the Labour movement." As Mr. Shore continued his speech, Mr. Heffer shouted "Give the party's view."

The Government also had its own troubles. Mr. Terence Higgins (Con., Worthing) and a group of 11 Tories had put down an amendment agreeing to the boycott only if the Government stopped subsidised export credit on new contracts for the Soviet Union. It called on the Government not to trade with Russia or its allies in a way which could help the Soviet war effort and to stop the export of EEC agricultural surpluses to Russia.

The speech by Sir Ian Gilmour, the deputy foreign secretary, was interrupted by Mr. Higgins who protested that export credits were still available to the Russians at a rate of interest which was lower than that available to British industry.

Mr. Higgins said the distinction between strategic exports and other exports was very blurred. It might well be that some of Britain's non-strategic exports would help the Russian war effort.

From the Government front bench, Sir Ian Gilmour told the House: "The search for a political solution will be long and arduous. We need to increase pressure on the Soviet Union."

He argued that the Government was already taking firm action in the field of trade.

"Maybe we should be prepared to go further than we have already done. But the measures already taken add up to an effective and measured response."

There was no question of the Government agreeing to any exports that would help the Russian war effort. Therefore, the amendment put down by Mr. Higgins was in accordance with Government policy.

"The Government feel bound to give a lead," said Sir Ian. "We fully understand the concern about the liberty of the individual. I don't accept that we have, in any way, harassed or bullied anybody. In the last resort, the decision will rest where it belongs—with the individual.

"We are convinced that the only effective course of action is purely and simply non participation in the Games."

SHORE: advised Labour MPs to abstain

Sir Ian quoted from a Soviet pamphlet put out to Party activists which said that the holding of the Games in Moscow was proof "of the historical importance and correct foreign policy of the USSR and the huge services of the Soviet Union to peace."

Sir Ian commented: "A decision by the Western countries to absent themselves would have a powerful impact on the Soviet population at large."

On the other hand, the presence of Western athletes would constitute a great propaganda victory for the Kremlin.

"If our athletic bodies wish to give such a victory to the Soviet Union, so be it," he said.

"But they should know what they are doing and reflect very carefully before reaching a final decision."

Sir Ian dwelt on the arrest of Russian Jews and their removal from Moscow before the Games. This "perversion of the Olympic ideal" was itself reason enough for not going to Moscow. To attend, in spite of Afghanistan, would be a betrayal of all the dissidents had so courageously stood for.

Winterton calls for more direct action

By Ivor Owen

MORE DIRECT action, such as the withdrawal of the majority of British embassy staff in Moscow, was demanded by Mr. *Nicholas Winterton* (C. Macclesfield) in the Commons last night when he refused to support the Government's call to Britain's athletes to boycott the Olympic Games.

He accepted the logic of the case that the refusal of leading British and American sportsmen to participate would make a big impact.

But the athletes, who were being asked to make a major sacrifice, should not be used as a sole political pawn to impress upon the Soviet Union that Britain profoundly disagreed with the invasion of Afghanistan.

He believed that the Government should have advocated a total boycott of the Soviet Union—trade, cultural and political.

Apart from urging the withdrawal of the majority of the staff from the British embassy, he also questioned why a multinational company like ICI had been allowed to establish an office in Moscow at this time.

Stronger action was also needed to prevent the EEC selling further supplies of subsidised food to the Soviet Union.

Plea for consultation on benefits

THE LIVING standards of nearly 5m people could be adversely affected by new supplementary benefit regulations, according to Child Poverty Action Group.

There could, for example, be no more clothing grants for families whose children have outgrown their clothes and shoes once the Social Security Bill becomes law in November, says the group.

"Under the Bill the Department of Health and Social Security faces a mammoth task They could benefit enormously from consultations with outside organisations," Miss Ruth Lister, director of the group, said yesterday.

'Leiner-type' injection unlikely to arise again

BY IVOR OWEN

NO OTHER single company is likely to receive a capital injection of £2m from the Welsh Development Agency. Mr. Nicholas Edwards, the Welsh Secretary, indicated in the Commons yesterday.

Replying to questions about the WDA's investment of £2m in P. Leiner and Sons, the privately-owned South Wales-based gelatine manufacturer now in the hands of a receiver, he told MPs that he did not think such a position could arise again.

Mr. Edwards described the fact that £2m represented such a large proportion of the WDA's resources as a "worrying feature of this particular investment."

He had requested the WDA to concentrate on assisting small firms and it was now operating under a new policy with new guidelines.

Mr. Edwards, who pointed out that the £2m investment in Leiner had been submitted to his Labour predecessor, Mr. John Morris, for approval, gave a strong hint that the whole affair is likely to be investigated by the House of Commons' public accounts committee.

Inquiry

He also emphasised that at the time the investment was made, it was not known that the scale of the losses was as great as later transpired.

Mr. Jock Bruce-Gardyne (C., Knutsford) called for the fullest public inquiry into the WDA's £2m investment in Leiner, so that all the facts could be established and "blame apportioned where necessary."

Mr. Edwards said the new chairman of the WDA, who had had no responsibility for the original investment decision, was taking a very close interest in the matter.

As for a public inquiry, he though it "more than possible" that the Public Accounts Committee would look into the matter, and this would be the best way of proceeding.

When Labour MPs called for more effective Government action to combat the rising level of unemployment in Wales, Mr. Edwards denied a suggestion by Mr. Ioan Evans (Labour, Aberdare) that as many as 50,000 jobs were likely to be lost through the cutbacks at the Llanwern and Port Talbot steel plants and the consequential effects on other industries.

While refusing to give a Government estimate, he said he was not aware of any responsible body which had suggested that the job losses were likely to total 50,000. It was certainly not the view of the Wales CBI.

Mr. Edwards attacked the Wales TUC and Labour MPs for exaggerating current economic problems by talking of the Principality becoming "an industrial desert."

While Labour MPs shouted "nonsense," he insisted: "I know substantial companies which have indicated that their investment decisions have been affected by this talk."

Shortfall demand on new town assets

BY ROBIN PAULEY

THE GOVERNMENT is determined that any shortfall in sales of new town assets this year will have to be made up in addition to the £200m disposal likely to be demanded next year.

Mr. Michael Heseltine, Environment Secretary, asked the 21 English new towns last July to dispose of £120m worth of commercial and industrial assets by the end of this month. In addition, a request by the last Government for third generation new towns to sell £20m worth of assets to help finance further new development was carried over.

So far only £8m worth of property has been sold. Negotiations are under way for another £58m and £30m worth are on the market.

Technically, the new towns are selling their assets voluntarily. But under the Local Government Planning and Land Bill, now in committee stage in Parliament, Mr. Heseltine will have the power in future to compel new towns to raise an amount to be set by him in asset sales on the free market. He is expected to demand the sale of £200m worth of assets in 1980-81.

The new towns association said yesterday that the towns were doing their best to follow Government policy. The sale of assets had fallen behind because a critical six weeks had been lost last year while the Government decided its policy on sitting tenants, on selling freeholds in preference to leaseholds and on the financing of residual management functions of shared amenities such as escalators, car parks and landscaping.

Immediately after that six week period came the Christmas and New Year lull which put the agents even further behind in the drive to sell the assets in time. They were not helped by the economic climate and record interest rates.

Nevertheless, the properties have been attracting good prices, often above valuation, although purchasers have been delaying their final investment decisions longer than usual.

However, the Government's target for next year may prove even more difficult to meet. With a difficult economic climate and the market becoming more selective the target may have to be revised if the Government's commitment to an orderly disposal at a good and fair market value with minimum inconvenience to residents and business communities is to continue.

Campaign for Lords reform resurfaces

By Elinor Goodman, Lobby Staff

THE CONSERVATIVE backbench campaign for House of Lords reform will surface again today with the publication of a Bill which would take the existing peers' voting rights away from them and give them instead to members elected by proportional representation.

The Second Chamber would retain its existing powers and the existing peers would be free to continue speaking there. But only the new elected peers would be able to vote.

The Bill, sponsored by Sir Brandon Rhys-Williams, the Conservative Member for Kensington, stands no chance of being voted on this session. Instead, it is aimed at stirring up the debate on the Tory backbenches on the whole question of constitutional reform.

A Conservative backbench committee has been working on various alternatives to the existing Second Chamber for several months and is expected to finalise its proposals by the summer.

But even the most enthusiastic supporters of reform acknowledge that the best they can hope for is a Bill in the third or fourth year of the Government's term. Indeed, some members of the reform lobby argue that it would damage their cause for the House to be asked to vote on a Bill now, as there is not enough support to get it even a second reading.

Sir Brandon started drafting his Bill long before the Lords last week threw out the Government's plans for charging for school transport. Under his Bill, the elected peers would have the same right to revise legislation as those peers now sitting in the Lords.

Britain would be divided into 78 constituencies, each of which would elect three "Lords of Parliament" by proportional representation — a method of election which Mrs. Thatcher is known to dislike.

No State aid for Chunnel

BY LYNTON McLAIN

THE GOVERNMENT is expected to announce in the House of Commons tomorrow that a fixed Channel link, if approved, must be funded by the private sector without Government aid.

But Mr. Norman Fowler, transport minister, who is to make a statement of Government policy towards the link—a bridge or a tunnel—is unlikely to announce a final Government decision.

He is expected to tell MPs that he is not yet in a position to signal either a go-ahead or the end of the current round of projects.

His reaction to current proposals is based on an "initial impression" of the British Rail/French Rail scheme for a single track bored tunnel.

He has already been advised by Sir Alec Cairncross, chancellor of Glasgow University and the Government's special adviser on the BR proposal, that more detailed work is needed.

British Rail and French Rail are now working on final proposals. These are expected to be submitted for approval to the British and French Governments in the summer. Without these details, the Government is unable to commit itself.

Also, the Government has so far studied, briefly, only one proposal, that of BR.

Mr. Fowler was yesterday sent the first private sector proposal by the Anglo-Dutch-German-French European Channel Tunnel Group. He is expected to tell MPs tomorrow that even though the BR/French Rail detailed proposal is not ready, it would not be right to make a final decision without studying other proposals.

The need to examine all options is expected to delay, by some months, a final Government decision.

A further uncertainty is the prospect of the European Parliament agreeing to insert a transport infrastructure plan into the EEC budget. This has still not been agreed, but Mr. Fowler may decide that EEC funds have to be available as a way of reducing the amount to be found by the private sector.

The European Channel Tunnel Group is to launch its proposals tomorrow, only hours ahead of Mr. Fowler's expected statement.

Hugh Routledge

Lord Carrington, the Foreign Secretary (left), greets Lord Soames at the Foreign Office on his return from Rhodesia after the election.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Where clever ideas can pay off

ADVANCED PROFILE describes the latest design in a continuing search for perfection in lobe rotor pumping by SSP Pumps.

Lobe rotor pumps have several qualities that make them the best answer to many pumping problems met constantly throughout the processing industries.

They are positive displacement self-priming pumps, with displacement directly proportional to speed. The pumping chamber can be built completely in corrosion-resistant materials such as stainless steel.

The units provide a very gentle non-shear action, a fully swept pumping chamber, and they are valveless.

They can handle liquid viscosities from one centistoke up to semi-plastic thixotropic liquids; also slurries and suspended solids. They can be run dry and can handle entrained gases and froth without losing prime.

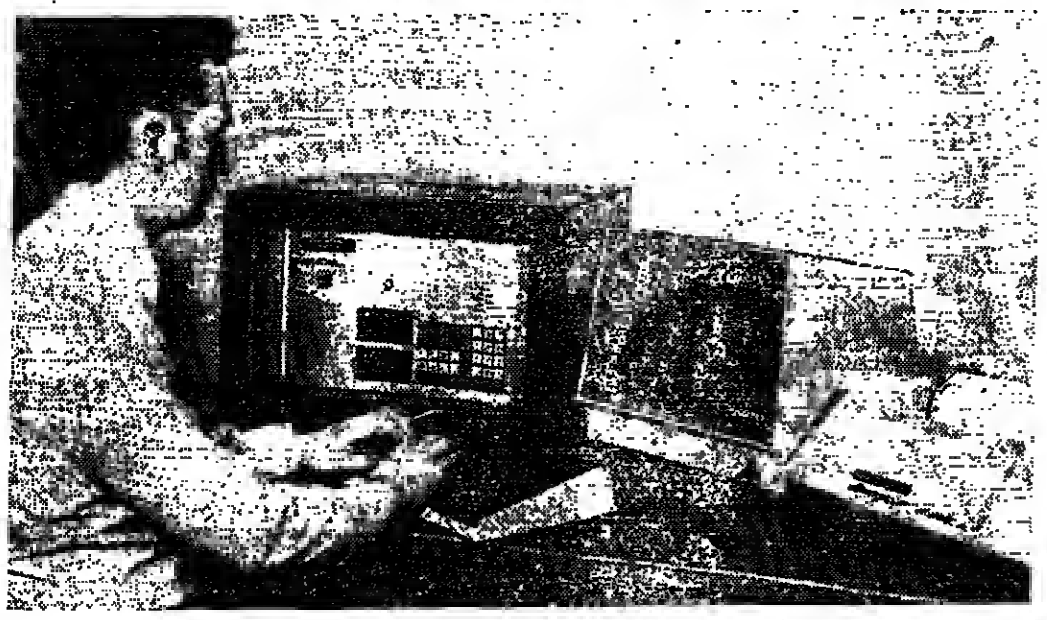
The rotor profile has been improved during a lengthy collaboration with NEL to increase the volumetric displacement of the pump. The difference in shape is not great — the previous rotor shape was very efficient. However, the most significant aspect of the change is in the cutting of the profile where numerical instruction techniques enable the precision milling cutter to precisely and smoothly change from convex surfaces to concave, eliminating the discontinuity which was previously inherent in the available machining practices.

The curve at the rotor tip is also smooth, eliminating the hand-finishing previously necessary. This precision cutting enables closer tolerances between the rotors, and between the rotors and casing, which reduces product "slip" and improves efficiency. The controlled profile reduces any "knocking" between rotors under pressure, which improves life.

SSP Pumps, Mono Group, Mono House, Sekforde Street, Clerkenwell Green, London, EC1 0HE. 01-253 8911.

● PACKAGING

Remembering many routines



STAR OF the Autopack stand at Pakex '80, now in progress at the NCE, Birmingham, is the new microprocessor-based Microweigh control system.

Launched at the exhibition and shown controlling one of the Dialaweigh bulk weigh fill systems, this innovation is housed in standard Euro-cases containing the printed circuit boards.

It can be used to effect the complex task of machine setting for optimum performance related to the required product and output parameters, subsequent performance monitoring and full control to correct continuously the performance of the system. It also provides local visual display of performance data and output for hard copy reporting on machine and production status in accordance with the requirements of the new average weights legislation regarding pre-packs.

Additionally, fault diagnosis and indication data is displayed and generated as an output for remote display or recording.

Microweigh will automatically set up the zero and range of each weigh cell incorporated into the system. It also will monitor and correct for any build-up of product on the weigh cells, at user-selectable intervals.

The device will handle the setting up procedures of the initial fill from each auger filler, making allowances for the final weight desired and for bulk density changes in the product, as these occur. The system also has been programmed to monitor the actual fill from each Dialafil head in the total system, effecting corrections for gradual mechanical wear and tear in the brake and clutch mechanisms. This facility operates on both bulk fill and final top up filling heads.

Trend feed-back correction compensates for changes in product bulk density, not only to the two bulk fillers but also to the final top-up filler, via an electronic signal from the final check weigher. This ensures suitable adjustment of the final volumetric unit for even greater accuracy of fill and has been made possible by the harnessing of microprocessor power to automate the setting up procedure.

Autopack, POB2, Malvern, Worcs WR14 1DB. 06845 61681.

● EDUCATION

Electronic teacher

AT THE Philips Research Laboratories in Eindhoven, an experimental teaching system has been built, having as its most important components a video record player and a microcomputer.

Video discs with educational programmes can thus be used for a teaching programme tailored to the individual. The pupil can control the system himself quite easily and work his way through the material offered with the help of a number of tables of contents, and by answering a few pertinent questions. The computer asks questions in connection with the material offered.

If the pupil does not have the answer, he can, if he wishes have the relevant pictures repeated. Here and there important matters are given extra emphasis through repetition of the passages concerned etc.

A computer program is in preparation which will make it easier in the future for a teacher to compile an interactive teaching programme of this type himself. This will make it possible for material which is already on a video disc to be used in individual teaching. In the lessons, explanatory texts can be used and optional questions can be asked, but it is also possible to make the progress of a lesson dependent on the answering of multiple-choice questions which are asked either at the pupil's request or after each section of the lesson.

Computerised qwerty

MANPOWER Services Commission has assisted Speedwriting/Speedtyping, London secretarial college, in the introduction of a computer into its training programme. The grant is part of the training services division's scheme to evaluate the benefits of computer-assisted training.

Used initially in the critical early stages of teaching typewriting skills, the new system is already producing benefits both for the students and for the college. The students save time—typically one week in the first four—and go into employment that much earlier. Also, the company can train more students to the same standards with its present staff and premises.

The computer uses 14 display terminals with typewriter-style keyboards. These are connected to a small PDP-11/34 mini in the classroom.

A program in the computer compares a student's attempt with a perfect copy of the exercise and works out the speed and number of errors made. On the basis of these results the computer directs the student along one of several paths. For example, the exercise may be repeated, another one started or the instructor asked for advice.

Speedwriting, 59 South Molton Street, London W1Y 2AX. 01-493 3401.

● MAINTENANCE

Chemical face-lifts

VEHICLE CLEANING and overhaul were traditionally associated with either manual or mechanical brushing until Pyroclense launched its cleaning package, comprising chemical products, equipment for applying them, and a special service to the transport industry.

This BCI company has now gone one further with another deal which it believes industry can't refuse—this is the TPF treatment.

Temporary Protective Film is a polymer solution applied by spray or brush to help retain the original quality of a vehicle's livery, provide a permanent gloss finish to paintwork that has become tarnished with age, and, apart from cosmetic enhancement, also prevent corrosion.

Because of its special adhesive properties, the solution readily attaches itself to the surface of a vehicle to create a fast-drying and evenly distributed protective overcoat which is said to be unaffected by extremes of temperature and other atmospheric conditions.

Most important characteristic of the good-looks treatment, however, is that it lends itself to periodic removal and replacement so that labour intensive and complicated stripping operations are obviated.

Conventional systems for repainting dull or dirty vehicles average about £150 per annum per vehicle but with the TPF treatment, this could come down to £80—and the vehicle would not have to be out of service more than the requisite number of hours it would take to run it through the ordinary mill of cleaning and maintenance.

Highlight of TPF is its speed—both in application and drying. New vehicles will keep their coats looking glossier and fresher for a long time, and old warhorses will look almost as good as new.

Pyroclense (part of Brent Chemicals International Group), Ridgeway, Iver, Bucks (0753 651812).

DEBORAH PICKERING

● SAFETY

Protects the unwary

MANY workers are insufficiently protected from serious hazards because numerous process plant access hatches are fitted with simple microswitches or limit switches, according to Castell Locks.

Safety problems arise where machinery manufacturers and users wire a machine's power control circuit through an ordinary microswitch actuated by opening and closing an access hatch or doorway. In theory, the dangerous machinery, which may pose the hazard of electrocution or physical injury, will be safely electrically isolated after the hatch is opened. But in practice switches can jam and operators may even purposely hold on the switch, unaware of the dangers involved.

Such problems can be overcome by replacing the microswitches on access points with Martello interlocks, a safety device recently introduced by Castell Locks. Unlike conventional interlocks, the Martello is a combined lock and electrical switch integrated into a single unit. It has been specifically designed to ensure that access to dangerous components is only possible after the machine's electrical supply is switched off. In contrast to microswitches, the Martello cannot accidentlly jam in the power-on mode, or be overridden by uncautious plant operators.

Martellos may be fitted to access hatches by installing the lock mechanism and electrical switch behind the hatches. The key operating the lock is fitted into a hole drilled in the hatch. To gain access to the machinery behind the hatch, the operators must turn the fixed key and unlock the hatch. This action disconnects the power supply. Power can only be returned to the machine by closing the hatch and turning the key in the lock.

Castell is at Kingsbury Works, Kingsbury Road, London NW9 8UR. 01-205 0055.

● INSTRUMENTS

Fastener forces tested

BOTH THE torque and the tension that is being applied to threaded fasteners can be measured under production line conditions with a combination of specialised transducer and display unit developed by Stewart-Warner, Thor Tools Division, Tynemouth, Tyne and Wear NE29 7UE (0632 573181).

Some 36 torque and tension transducers are available. The former fit between a nut-runner or torque wrench and the socket it normally drives while the tension devices are esssentially annular load cells which are clamped between the driven nut and the workpiece.

The transducers are simultaneously connected to a portable digital display unit allowing direct comparison of the torque applied by a powered nut runner for example and the resulting axial tension (clamping force) in a bolt. The readings are taken successively using the same electronics.

The instrument can operate either in a peak-capturing mode or will track the readings.

The former allows instantaneous maximum values to be recorded while the latter can for example, follow the relaxation of a connection after assembly.

Optimum torque settings for particular fasteners can thus be established, torque wrenches or drivers calibrated in the laboratory or the performance of production tools verified.

A ten channel memory allows five pairs of readings to be stored for subsequent analysis and there is an output socket for plotter, printer or computer.

● SECURITY

Watch on protected areas

WATCHDOG SYSTEMS which provide an up to the minute check on movement in various parts of a building ensure that only authorised people enter computer rooms, store rooms, plant areas, wages offices, etc., says Modern Alarms, 25 Hampstead High Street, London NW3 (01-794 8191).

A simple pushbutton method of operation with easy-to-follow information and instructions displayed on a tv screen in plain English, put the device within reach of all.

TAC 1000 is used in conjunction with coded plastic and electronic reader units and incorporates a disc memory system which enables recall of previous events and facilitates control of access points on a pre-determined programme — that is the system can be programmed to release all doors in the event of a fire.

● CALCULATORS

Cartridge machine

A NAME in calculators that goes back to 1912, Monroe, is beginning to make its reappearance in the UK after an absence of some years.

Since 1975 the products have been handled in Britain by Fi-Cord International and since 1977 new items have been emerging that have been less orientated towards the U.S. user.

Latest of these is the model 2880, a compact desk-top machine which is being aimed at the many thousands of small companies thinking of making the break from paper systems to electronics.

The machine looks rather like a reduced-size typewriter with a single-line display of half-inch-high green characters in place of the carriage. On the top surface are a slot into which a program cartridge can be plugged and a two inch roll printer on which the entries and calculated results appear.

A number of standard programs are available on the cigarette-packet-sized cartridges which are intended as direct replacements for the various "one-write" paper systems for tasks such as sales ledger, aged accounts, cash receipts, purchase journal and payments cash book.

According to Fi-Cord's managing director, Mr. D. A. Jarratt, there may be as many as 70,000 small firms using these paper systems (the one supplied by Safeguard Business Systems for example) and at a price of £850 for the 2880 plus £140 and upwards for the program cartridges, he sees the machine as an important alternative to small computer systems.

With the cartridge removed, the machine reverts to a conventional calculator in which another set of function buttons comes into play with meanings allocated by the user.

Fi-Cord International, Didsbury, Manchester M20 0RD (061 445 7716).

● ENVIRONMENT

Cleans the effluents

MAIN CONTRACTORS for the Inco Europe £8m nickel sulphide roasting plant at Clydach near Swansea, Sirycon, are taking particularly stringent pollution control measures.

Effluent for example, is to be dealt with by plant put in by Clearwater Systems which is designed to treat the stripped weak acid effluent from the gas purification section. The process involves cooling, chemical addition, precipitation and sludge de-watering.

Extensive use is made of corrosion-resistant materials and the plant carries extensive instrumentation.

Clearwater Systems, Portsmouth Road, Guildford GU3 1LZ (0843 33831).

FINANCIAL TIMES SURVEY

Tuesday March 18 1980

Spanish Banking and Finance

Considering Spain's prospective membership of the European Economic Community, it is surprising that more positive steps have not been taken by its Government to bring its financial machinery into line with that of the modern industrialised society. As this survey shows, much of it is regrettably antiquated.

Still waiting for a lead

By Robert Graham

SEVERAL TIMES word bas gone out that the Prime Minister's office bas ordered a copy of Samuelson and that Sr. Adolfo Suarez intends to get to grips with economics. Bnt thls is only a wishful rumour from the business community, who have been waiting for over three years for Sr. Suarez to devote more attention to the economy. As it is, Sr. Suarez, according to one recent unofficial biograpby, could scracely finish *Popillon*. Somebow there always seem to be more pressing political problems and lately he has been increasingly diverted by foreign affairs. Those who look to him for an economic lead are likely to be disappointed.

This fallure by Sr. Suarez to give proper attention to the economy is keenly felt. For there is a qualitative difference between a Minister or a Deputy Prime Minister underlining economic policy objectives and a Prime Minister doing so. The Government's economic programme unveiled last August, part a statement of strategic objectives and part a package of immediate measures, was generally well received. But Sr. Suarez has, almost consciously, not fully associated bimself with the programme.

The Government's economic team has gained a measure of acceptance from the business community. But the community itself is still not fully confident that the Government has the real will either to help it or to tackle the many problems which confront Spain if it is to prepare for entry into the EEC. Indeed, as the complexities of introducing general legislation to flesh out the bones of democracy multiply, so do the conflicting demands on Government time for economic reforms increase. It therefore becomes even more important, if Spain is to move out of the four-year-old recession, that Sr. Suarez should spell out priorities.

On the strictly economic and financial front the Government bas a twofold task. Not only does it bave to steer the economy through its worst recession in recent years; it has to *alter—and radically—many* of the existing structures to make way for a market economy. The Franco beritage of a bigbly protected economy in which the interests of the public and private sector were blurred, usually to the advantage of the latter, cannot be sbaken off easily.

Changes

As regards banking and finance the Government bas initiated some important changes. Foreign banks have been allowed to operate. Interest rates are a bit more market-orientated. Efforts are being made to evolve a capital market. But these are still essentially timid measures and the banking and financial system remains more controlled than free.

Symptomatic of the Government's dilemma was the freeze *imposed* last *August* on the monthly reduction in the proportion banks and savings are obliged to set aside for officially directed investments. *Reducing* the *high* proportion of officially directed funds was one of the first liberalisation measures, instituted in July 1977.

The *freeze became essential*, however, because each month the "liberated" funds were placed on more profitable short-term operations, so creating a growing grap for term finance. Liberalisation may be an emotional commitment, but it is going to be tough to introduce in practice.

One Minister complained recently in private tbat Spaniards sbould no longer expect to be told wbat to do. The market economy towards which Spain was aspiring required as much individual initiative as government, he said. Yet equally people have come to expect guidanco after many years of *dirigisme* by the State.

Tbus the flowering of business confidence in the wake of Sr. Suarez' election victory last March wilted quickly—largely because the *Government* took four months to unveil its economic programme. The prospects for a recovery were further dashed by the quantum leap in oil prices. Thus instead of witnessing the 4 to 5 per cent growth hoped for at the beginning of last year, Gross Domestic Product in 1979 increased by only 1.5 per cent.

The recession has in fact continued to bite deep. The main features are a persistent slack in industrial production; a low level of domestic investment—except latterly in some restocking; a continued high level of bankruptcies and companies in temporary receivership; and a steady increase in unemployment.

TRADE AND PAYMENTS BALANCE
(Jan.-Nov. $bn)

	1978	1979
Imports	15.54	21.08
Exports	11.76	14.49
Trade balance	− 3.78	− 6.59
Services	4.09	4.92
(tourism)	(4.62)	(5.23)
Transfers	1.31	1.33
Current account balance	1.62	− 0.34

Source: Bank of Spain.

The words used by the latest Ministry of Industry survey of business opinion speak for themselves. The survey refers to a "slowing down in the decline of industrial activity" and to a "feeble *improvement*" in orders. The financial situation of many companies, especially in the engineering sector, along with some finaocial institutions, has been under strong pressure because of a mixture of costly overheads and reduced casb flow.

Strain

Bank profits this year are expected to sbow the strain. It has been a year of tremendous belt-tightening and the banks are setting aside very large sums to cover doubtful debts. Tbe main means of survival for industry bas been through shedding labour. It is too soon to judge whether this is a once-off palliative or the prelude to more efficient management.

During the year the total number of uoemployed increased by 20 per cent, or over 250,000. With unemployment standing at 1.33m and still rising, over 10 per cent of the active population is now affected. *One bank's macro*-economic projections for 1980 sees this proportion rising to 10.5 per cent of the active population, or almost 1.5m. This is probably a realistic assessment.

While more jobs should be created this year througb work starting on the 10-year energy plan and higher Government disbursements, the shake-up in industry and the services caused by the recession is continuing. Bankers do not sbare Government optimism on a growth rate of up to 2 per cent above the OECD average, which means around 2 per cent. Estimates range from 0.5 per cent to 1 per cent.

The chief concern of the Government *remains* to *reduce* inflation. The principal means of control will continue to be through the money supply and a careful monitoring of prices. Wages on the other band have for the first time been allowed to be regulated more by market forces. Althougb a credit squeeze remains in force, it has become milder.

The authorities bave succeeded in removing the strains so evident in the money markets in 1978 and the early part of last year. More credit was *channelled* to the *private* sector so that the half year average was 15.1 per cent and the second half 18.9 per cent. Thus there was an average 7 per cent more *credit available* to the private sector than in 1978. Meanwbile tbe overall increase in tbe money supply was slightly lower than the previous year. This year the money supply target will be a *similar* 18 to 19 per cent hut with certain flexibility for expansion if the circumstances warrant.

Potentially serious inflationary consequences from a beavy public sector deficit appear to have been avoided—at least temporarily. One measure last August was to cut by a quarter the proposed public sector deficit. Provisional figures suggest that this cut has been achieved and that the budget has been substantially underspent, largely because of delays in approving the latter. The public sector deficit will be the equivalent of about $4bn. Control of spending remains, however, a matter of concern.

Unwilling

The Government has been able to bold down inflation to the 16 per cent target envisaged last August. This can be explained by two factors. First, wages kept within the wage-band fixed by decree, with a 14 per cent celling. The unions, moreover, were either unwilling or too weak to press for increments to absorb the increased inflation resulting from bigher oil prices.

Secondly, the Government was able to use its strength to control prices. Farm gate prices were beld down and food subsidies retained so the foodstuffs component in the consumer price index was low. This low rise compensated for a 20 per cent increase by non-foodstuff *items. There were also selective* but limited increases permitted in charges by tbe utilities and energy related items. Overall the higher costs of imported energy put about *two points* on to inflation.

Pricing policy is expected to he the same this year—and this is certainly the case with foodstuffs. But the big impact of the oil price rises will occur in 1980 and it remains to he seen whether inflation can be beld at last year's rates. Wage increases meanwhile look like averaging out at around 14 per cent, still bigh but nevertheless representing a net reduction in real take-home pay.

Spain's inflation continues to run above both the OECD and the EEC average by almost 5 per cent. However, European inflation rates are coming closer to the Spanish. If this trend continues and Spain's absorption of higher imported energy costs proves no mere sleight of band, this is an important achievement.

Much attention is now focused on the Government's ability to carry out its ten-year energy programme, which was finally approved last August after a *delay of almost* two years. The urgency of the problem can be seen in that oil imports last year accounted for 25 per cent of total imports and cost $6.5m. This year these imports will cost at least $11.5bn. Put another way, Spain's gross receipts from tourism last year still effectively covered the oil bill; this year they will cover only 60 per cent.

The stalled nuclear programme is underway again, and is seen, alongside greater use of coal, as the main means of reducing external dependence on oil. A good deal of Spain's foreign borrowing this year, perbaps half of the anticipated $3bn, will be geared to energy *investments.*

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The higher cost of energy imports has almost doubled the trade gap to $6bn. The greater trade imbalance has occurred at a moment when the strong surge in exports bas begun to level off. Spain's exports on provisional estimates increased 7 per cent last year in peseta terms. The slower growth reflected increased difficulty in *penetrating markets because of* slackening international de- peseta. The value of the latter was sustained by significant capital inflows both from loans contarcted abroad, service transactions and record foreign investment that totalled over $1bn. Thus reserves rose by $3bn to $13.1bn at year-end.

Policy has been to let the peseta follow a semi-clean float. With a consolidation of reserves round the $13bn mark or a slight drawing down, coupled with a return to a payments deficit this year, the peseta has already begun to weaken. This trend will continue, although the authorities are unlikely to want to see it pass heyond Pts 70 to the dollar. Until now tbe Government bas always been more concerned about the inflationary effects of a weakening peseta than the advantages *accruing* to *exporters.*

More light on performance

THIS YEAR the publication of bank balance sheets is being greeted with more than the usual curiosity. Under the watchful eye of the Bank of Spain they have had to be prepared in accordance with stricter rules and so the 1979 accounts of the banks should give a better indication of how competently, or incompetently, individual banks have handled another difficult year. Transparency is not a feature of the banking system but it is felt that a good 10 per cent of all banks will be obliged to display weak results—many in this category probably sustaining losses.

It is a telling comment on the banking system as a whole that only two of the large Spanish-owned banks—Popular and Vizcaya—have had their accounts certified by international accountants. In the case of Vizcaya this is the first time. As one senior banker commented: "Few banks here would come out clean from a thorough audit by international accountants."

It is known that some banks have ordered such inspections but have never published the results. Thus the annual accounts for 1979, which are just beginning to be presented, have for the most part to be taken on trust. The trend—and there are important exceptions—is for profitability to decline and stagnate. The stagnation is far more remarkable if the results over the past five years are measured in constant terms. Although bank profits have registered increases well above other sectors of the economy—except the utilities—they have lagged behind inflation in the past three years.

A comprehensive study published last autumn by the Bank of Spain showed the following trend in commercial and industrial bank profits: In 1976 they rose 19.2 per cent on average; in 1977 the increase dropped to 4.2 per cent (a year when the inflation rate was 26-27 per cent); in 1978 the rise was only 1 per cent. During 1978 there was also a significant rise in bank losses, up from Pta 582m to Pta 4.1bn. There is nothing to suggest that this overall trend will not have been accentuated in 1979. Indeed it is probable that there will be a net decline in overall profitability.

The pressure on profits has come from three main sources—the need to set aside increased sums to cover doubtful debts and to write down equity investments; greater financial costs and a sharp rise in personnel expenses. Fiscal pressure, interestingly, does not figure so prominently despite changes in tax legislation. Indeed banks have tended to benefit in the past year from new tax breaks available for investments and the share of taxation in the overall margin made on total resources employed has fallen back since 1978.

Provision

The most noticeable element undoubtedly is that written into the balance sheet as *saneamiento*—adjustments to take account of doubtful debts, the negative movement of portfolio assets and amortisations. Since December 1978 the Bank of Spain has obliged banks to make broader provision for doubtful debts. This includes 25 per cent cover for debts in arrears for six months. This cover then follows a sliding scale up to 100 per cent for debts of two years and over. Assets also have to be valued at cost and when share values decline provision has to be made.

The effect of these provisions was clearly noticeable in the 1978 accounts. Adjustments more than tripled to Pta 28bn. The trend will not be so dramatic in the 1979 balance sheets but will remain significant. Two of the big seven banks, Popular and Vizcaya, have set aside Pta 12bn between them to cover doubtful debts, amortisations and equity write-downs. In the case of Vizcaya this represents 58 per cent of total resources generated, against 53 per cent the previous year.

This is a heavy burden for the banks to bear but is an inevitable consequence of the four-year-old recession. In 1979, 121 companies went into temporary receivership with debts outstanding of over Pta 3bn. It is reckoned that the healthier banks have between 1.5 per cent and 1.8 per cent of total risk tied up in doubtful debts. The average for the banking system is nearer 3.2 per cent. A more sober calculation made by one economist was that the banking community should have made provision at the end of last September for Pta 182bn in adjustments, but have only done so to the tune of Pta 67bn.

The worst affected are inevitably those banks most exposed in the troubled sectors of industry — either through loans or equity participation; quite often the exposure consists of both. This is the case with the industrial banks like Urquijo and Bankunion, both of which have gone through a process of retrenchment on the industrial side.

Bankunion has had to sell off some of its share in the profitable Catalan Autopistas. It has also bought in two textile companies, purchases which can be tax-adjusted against losses. Urquijo has been helped by its strong base in foreign operations. Provisional estimates are that its foreign operations accounted for almost 30 per cent of its profits, probably the highest proportion in any large Spanish bank. Foreign operations also assisted Vizcaya's figures, accounting for 22 per cent of total profits.

Another significant factor affecting profits is the continued increases in personnel costs. In the past two years these have come to represent 50 per cent of total operating expenses. In money terms personnel costs for the banks increased 25.6 per cent in 1978, well above the annual inflation rate. They have come to absorb over half the average bank's operational margin. In the case of Popular personnel costs rose to 3.03 per cent on a total margin of 5.3 per cent against 2.97 per cent on a margin of 5.21 per cent the previous year.

Bank employees are one of the best paid groups of workers in the country and their 1980 wage settlement of 16 per cent is once again right at the ceiling of official wage policy. The increase is being applied across the board among banks and there is some concern about the ability of the weaker banks to absorb such an increase.

The way round these high personnel costs, in the eyes of some banks, is to raise productivity through expanding branches, on a capital-intensive basis. The average increase in the number of offices was 10 per cent last year. The increase in the number of employees was half this. There are now some 12,300 branches of commercial and industrial banks in Spain. The amount of deposits per branch increased almost 9 per cent.

Appealing

This policy of branch expansion to raise productivity has proved particularly appealing to the industrial banks—partly because they wish to move more into branch banking. Bankunion is opening up a series of small branches, employing three or four persons at most, which are expected to be operating profitably within 18 months.

Financial costs have proved another burden. The Bank of Spain showed that financial costs had risen 48 per cent in 1978, while the volume of business had increased only 38 per cent. At the same time if calculated that the average return of total investment was 11.8 per cent, against 10.1 per cent the previous year. The operating margin, however, increased by only 1.4 points to 5.1 per cent. Last year these costs were more stable and the banks were able to achieve slightly better overall margins, especially on short-term operations and discounting.

With slightly more credit available to the private sector last year, stresses in the interbank market, so noticeable in 1978, tended to disappear. Credit was generally much cheaper to obtain. Bank credit increased overall by just over 17 per cent but a number of institutions were cautious in their lending policies, and their advance were thus significantly below this figure. Deposits increased at a faster rate, reflecting in part the higher rates paid.

Deposits overall increased almost 20 per cent to Pts 6,559bn. Those banks that pushed up their volume of deposits are still believed to be doing so via the illegal use of *extra-tipos* under-the-counter offers above the official rate. Indeed it is said that if a client goes to 15 different banks with a substantial deposit, he will get a different offer from each.

Lumping the performance of the banking sector together is in many ways confusing. It fails to distinguish between the different methods of the large and the small, and blurs their relative strengths and weaknesses. The big banks put on much fat in the years of the economic boom, but they have been shedding it since 1977. As for the most part they refuse to disclose any meaningful details of their activities, it is impossible to tell either how efficiently they are run or well they are performing.

The idea that size confers a certain virtue does not necessarily hold in the case of Spain. One of the banks with the best results is that small Catalan-based Banco de Sabadell, which manages to thrive with a clientele mostly in small and medium businesses—often in sectors like textiles which are depressed. The criterion of size is epitomised by Banesto. The latter made being the largest bank a matter of prestige, which has forced it into a very expensive merger with Banco Coca—the cost of which this year's accounts might indicate.

Robert Graham

Devolution and its financing

SPAIN LAST year embarked on a major programme of devolution, the most ambitious attempt to reorganise a State on regional lines seen in Europe since the establishment of the German Federal Republic. But while the political froth of this process has been closely examined, comparatively little attention has been given to what to many of the participants is the substantive issue—how the new autonomous territories are going to be financed.

There are two main aspects to the problem. First, Spain is at one and the same time Europe's most multi-national and most rigidly centralised nation. Second, it offers the most extreme example in Europe of the phenomenon of uneven development—of favoured regions such as the Basque country and Catalonia becoming more developed, and of less favoured or simply abandoned regions like Extremadura and Andalusia becoming more and more underdeveloped.

On the first point, it is true that sweeping concessions have been made to regional sentiment, and that many of the superficial aspects of Castilian centralism have been suppressed. Furthermore the Basques and Catalans have had their statutes of autonomy approved by Parliament—although tightly hedged about by constitutional provisos and future enabling legislation—and will this month elect Parliaments of their own. But the financial power which must necessarily underpin this political autonomy is still at a rudimentary stage.

OECD figures for 1974-76 show just how small is the local government and regional slice of the budgetary pie in Spain. In 1976 the amount of devolved public spending in Spain amounted to some 11 per cent of the total, compared with 35.7 per cent in the UK and 45.4 per cent in Sweden, among non-federal countries, and 43.8 per cent in West Germany and 58.8 per cent in Canada among States with a federal system.

Even last year, when Madrid gave the "pre autonomous" of provisional regional administrations sums sufficient to maintain at least a skeleton administrative staff, and the central Government was forced to intervene to bail out insolvent city and town councils, the proportion of devolved public spending is not thought to have risen above 13 per cent. By contrast France, with its tradition of Jacobinite centralism, devolved some 19 per cent of its public spending.

The second point is easily enough demonstrated. In 1975, the last year for which complete figures were available, per capita income in the three areas which make up Spain's industrial triangle—Madrid, the Basque country and Catalonia—was equivalent to \$2,850 on average. In Extremadura it was \$1,310. The figures show that over the 20 years to 1975 per capita income in the first three areas grew at an average 3.3 per cent per annum, against an average 4.9 per cent in Extremadura, suggesting that the latter was catching up.

However, during the same period, Extremadura saw a net outflow of an average 1.2 per cent of its population per annum, along with an annual loss of jobs of an average 1.6 per cent. The three points of the industrial triangle meanwhile saw their population grow at an average 3.1 per cent a year, and jobs at an average 2.1 per cent.

The common explanation for this development is the massive migration from the land to the cities which took place under Franco and during the industrial boom of the 1960s and early 1970s. From around 49 per cent at the outset of the Civil War the agricultural population now stands at some 19 per cent. As the figures suggest, most of the shift was from the depressed southern countryside into the capital and the northern cities. But this does not entirely explain the regional effect of what is, after all, a logical transfer of human resources from agriculture into industry.

Mitigated

In 1975, for example, Extremadura offered 25.4 per cent *fewer* industrial jobs than in 1955, and industry in the region now employs little more than 10 per cent of the working population. A similar phenomenon has affected Castilla-Leon and Castilla-La Mancha, Galicia, Andalusia, the Canaries and Aragon, though in the last case the experience has been somewhat mitigated by the huge growth of Saragossa, the Aragonese capital, which lies equidistant at the centre of the Bilbao - Madrid - Barcelona triangle, and which has depopulated the rest of the region. Despite the growth of Saragossa, Aragon has suffered a net loss of over 50,000 jobs in the 1955-75 period.

The immediate problem facing the Government, however, is the regulation of the financing of the autonomous regions of Catalonia, the Basque country, and shortly, Galicia—the three "historic nationalities" in the first division of devolution.

Spain has had only one sustained experience of devolutionary budgeting—the "*Conciertos Economicos*," which applied to all four Basque provinces from 1877 to 1937, and from then on to Navarre and Alava right up to today.

The model of the Conciertos, or agreements, is unusual in that it charged the autonomous territories with the collection of all taxes within their area. The amount to be handed over to the central government was then fixed (ideally, and three civil wars notwithstanding) by mutual accord. A modified version of this model is what the Basques have now got written into their statute.

Combining

The Catalans, by contrast, have opted for a mixed system, similar to the West German model, combining a share in both locally and centrally collected taxes. The Government neatly forced on the Catalans a six-year transition period during which detailed fiscal and economic competence is to be negotiated. But Catalan leaders nevertheless believe that in the medium term this system is both more flexible and could yield more results than the Conciertos.

But at another level, similar problems face both regions once autonomy begins to operate. The present "Conseller" for Finance and the Economy of the Catalan Generalitat, Sr. Eduardo Punset, claims to be spending some 80 per cent of his time trying to teach orthodox budgeting practice to the civil servants the Catalan Government has inherited from the old Francoist provincial governments.

With a budget of Pta 1bn, he says, a lack of adequate information and proper accounting can go almost unnoticed. "But with Pta 50bn (\$750m), say, we could have a repeat of the RTVE scandal if something isn't done." RTVE, the State-controlled radio and television network, has managed to fritter away sums little short of that in recent years, with no increase in the quantity or quality of production to show for it.

The Basques are in even worse shape. The traditional Basque alienation from Madrid, and the fact that industry and banking in their own area was up till recently booming, meant that few young and talented economists from the area ever even considered a job with the administration. Sr. Marcos Vizcaya, the mainstream Basque Nationalist Party's Parliamentary spokesman, said privately last October, on the eve of the region's vote on the statute of autonomy, that he could think of only two Basques remotely capable of administering a "national" budget.

But both the Catalans and the Basques derive their nationalism—in its material roots rather than mythological foliage—from a desire to consolidate their domination of both internal and external markets, and to keep at arm's length the politically moribond and semi-feudal Castilian State to which they were tied.

Their aspirations are thus regarded with suspicion, not

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SPANISH BANKING AND FINANCE III

System dominated by powerful core

THE OUTSTANDING feature of Spain's banking and financial system continues to be the dominance of the large commercial banks. These remain in private hands and although the distribution of shareholdings is wide, actual control continues to be concentrated in relatively few hands—either of families or of Board members.

The weight of these banks in the banking and financial system reflects the general scarcity of financial institutions and the unevolved state of Spain's capital markets. They are themselves usually the principal shareholders or indirect owners and promoters of investment companies; they are behind stock exchange syndicates and insurance companies: they have very substantial equity interests in industry, the utilities and the services sector as a whole.

This situation has fostered the widely held popular view of the "power" of the banks. The latter have done little to dispel this view—partly, one suspects, out of inertia and partly out of an inherent defensiveness which gives them a poor feeling for public relations. This so-called power is, however, circumscribed and in many important instances illusory.

For a start the commercial and industrial banks—of which there are 120, including foreign banks—are quite distinct from the savings banks, the cajas. the latter account for over 30 per cent of all deposits in the banking system. They are run as non-profit-making trusts and are rooted in regional bases. Until three years ago they were to a greater or lesser extent adjunct to the banks. While they competed for deposits, they tended to act in tandem with the commercial and industrial banks. Indeed their ability to attract deposits tended to be used by the authorities to take the pressure of term lending away from the banks and to allow them to act in the more profitable short-term market.

In the past three years, however, the regulations regarding the cajas have been liberalised, so that now, for instance, they can conduct foreign exchange operations and have more funds available for discretionary investment. Parallel with this has been a political change. The cajas are being promoted more as institutions with separate identities.

Influenced

Moreover, since board membership of the cajas is in part determined by the municipalities and councils where they operate, the political shake-up that has occurred in municipalities throughout the country since last April's elections has had an important effect. For the first time in 40 years the cajas can be influenced by Leftist or "nationalist" views. In short, the supportive role of the cajas to the banks can no longer be taken for granted.

That said, the cajas are still the most controlled of the financial institutions in the country. Just over 61 per cent of their total deposits has to be utilised for State-directed investments and financial operations.

It is this mechanism of Government control over the use of deposits which makes the whole banking system subject to strong State intervention. The commercial and industrial banks cannot use their deposits freely and are still obliged to set aside a significant part for State-directed investments—either for the purchase of bonds, on deposit with the Bank of Spain or on loan to specific sectors of the economy.

THE "BIG SEVEN" BANKS
(End-1979 Pta bn—1978 figures in brackets)

	Loans		Deposits		Capital and reserves	
Banesto	291	(244)	790	(690)	66	(53)
Central	192	(159)	737	(640)	70	(52)
Hispano	188	(167)	684	(591)	48	(43)
Bilbao	199	(164)	550	(466)	50	(40)
Vizcaya	156	(138)	419	(338)	35	(24)
Santander	108	(94)	398	(335)	46	(34)
Popular	87	(68)	287	(241)	24	(20)
All banks	2,352	(1,933)	6,225	(5,220)	673	(539)

The funds placed in this way are obtained by the State at artificially low interest rates (averaging around 7 per cent) and are called "privileged circuits" because of the privileged rate at which the recipient obtains the funds. Normal interest rates have therefore to be higher to offset the low returns on these special loans. This system of "semi-controlled" interest rates makes it very difficult to develop a proper capital market.

For the commercial and industrial banks their margin of manoeuvre is further reduced by the existence of the Instituto de Credito Oficial (ICO), which distributes credit either directly or through its affiliated banks dealing with sectors such as housing, construction, industry, local government and agriculture. ICO is beginning to acquire increasing importance both because of the size of funds at its disposal and because of a new requirement that it must obtain at least one-third of its financing on the market.

The commercial and industrial banks do not appear unduly worried by its presence. Indeed, rather than looking on it as a competitor they have tended to leave more and more ground open to it in the sphere of medium and long term loans. Thus it is now rare for banks to be found lending freely over the medium or long term, such activity being occasioned by direct equity interests in companies or institutions needing such finance, or through Government pressure.

This applies also to the industrial banks, which have traditionally been primarily involved in the task of term lending. The deep economic recession since 1976 and the consequent financial difficulties of their clients have been keenly felt by the industrial banks. They have in fact been the most troubled of the banks.

The situation has set off an important trend. The industrial banks are seeking to diversify their risks and sustain future profitability by becoming more active in straight commercial banking, so much so that several banks no longer like to be labelled "industrial." The label itself is confusing, because these banks have never fitted cleanly into the traditional pattern, being part merchant and part commercial. Of the 17 industrial banks there are only two—Urquijo and Bankunion—of any significance which are not owned by commercial banks and which are specialists.

It is unlikely, however, that the industrial banks will lose their identity immediately, largely because they enjoy certain regulatory advantages which they need to sustain them through the current recession. In particular the Bank of Spain has exempted industrial bank bonds from inclusion in the ratio of obligatory deposits that banks must place with it.

Another important feature of the system is the extent of Spanish domestic control. There are now 15 foreign banks operating in Spain and by the end of the year there will be probably 20 or 21. But the opening up of the system last year to the foreign banks has resulted for the most part in branch operations. Foreign banks account for under 2 per cent of total lending and this is essentially wholesale business. The proportion cannot vary greatly so long as restrictions are applied to their operations.

Daunting

At the same time the daunting problems of buying into an existing bank—especially in terms of management—make it unlikely the situation will change. Several foreign banks have been attracted by the idea of buying a bank but the practical considerations inhibit such a step.

Foreign banks in fact are considered by the community the fifth of the banking groups in Spain. Groups are classified according to national (i.e., those with a national branch network), regional (predominant in a region), local (specifically rooted in one area), industrial and foreign. Total capital and reserves of the banking system at the end of December last stood at Pts 673bn. Of this the national banks accounted for 58 per cent—and again within this the so-called "Big Seven" accounted for 48 per cent. These seven banks further accounted for 52 per cent of commercial bank lending and 58 per cent of commercial bank deposits.

The "Big Seven" is a broad label, since there is a good deal in the scale of operations and identity to separate the biggest, Banesto, from the smallest, Popular. Within the seven there are effectively two groupings—Banesto, Central and Hispano at the top and Bilbao, Vizcaya, Santander and Popular at the bottom. It is also more realistic to include Urquijo in the latter grouping, underlining at the same time its signficant cross-ownership with Hispano.

Of all these banks Banesto remains the most curious. It has an overriding obsession with secrecy and continues to be, for a bank of its size, remarkably inward-looking, seemingly uninterested in operations outside the frontiers of Spain. It is also the most conservatively run and the bank most closely linked with Spain's economic development under Franco.

Since 1977 the three leading banks have grown substantially through the absorption of small- and medium-sized banks. Hispano during this period has bought up two medium-sized banks, Gijon and Mercantile Industrial, to consolidate its national position. Two years ago Banesto bought up Banco Coca, an important medium-sized family-owned bank, and subsequently took a 17 per cent stake in Banco de Madrid. Central for its part bought up the Banco Iberico, owned by the Fierro family.

These mergers—dictated for reasons of prestige, consolidation and seemingly sheer momentum of size—underscore an important point. Although there would seem a natural trend towards consolidation, eliminating the proliferation of small- and medium-sized units to achieve economies of scale, the practical difficulties are considerable. Digesting these takeovers has not been easy.

In the case of Banesto and Coca there have been formidable legal and financial problems to unravel; the courts are still looking into Coca's affairs. The minority stake purchase in Banco de Madrid has also proved highly problematical. As for Central and Iberico there have been difficulties in aligning differing levels of staff salary and sorting through the portfolio brought in by Iberico. Problems like these mean that while there are several banks currently open to offer, willing buyers are scarce to find.

In addition, banks are jealous of their identities. For instance, many an outsider has seen a logical tie-up between the two big Basque banks, Vizcaya and Bilbao. Yet the two seem dead set on remaining apart. Indeed the strategy of both seems to be geared to a gradual spread of their individual risks out of the Basque country to elsewhere in Spain. This was said to have been the logic behind Vizcaya's recent purchase of the small bank subsidiary of Granada, Banco de Credito Commercial.

With profits of a good many banks squeezed in 1979 acquisitions have not been uppermost in bankers' minds. There has been, however, a continued increase in co-operation between some of the small and medium-sized banks. Indeed it is possible that the next mergers of healthy institutions will take place among these. The fate remains to be decided of those four ailing banks already in the Corporacion Bancaria—the "bank hospital"—and over those banks currently in difficulties.

Then, there is the question of the Rumasa group, controlled by Sr. Jose Maria Ruiz-Mateos. Taken together the group consists of 21 banks, all but one of which, Atlantico, are small local or at most regional banks.

Rumours

There are persistent market rumours that Atlantico is up for sale, and indeed that others among his small banks are there to be bought. At present the Rumasa group is the country's eighth largest banking antity.

In contrast to the rest of Europe, Spain appears to offer a continued role for small banks, often with no more than five branches. Bankers insist that such operations can be viable, depending exclusively on custom generated within their small area and engaged predominantly in retail business. The big branch expansion of the past six years (slightly reduced last year) has come as much—if not more—from these small local banks as from the large national institutions.

This makes the system more diverse in character and thus more difficult to control. It is significant that the bulk of the bank failures in the past two years have come from small locally based banks which have over-expanded and which have been managed by inexperienced people motivated by the belief that banking was a profitable business they could not afford to pass over.

The high cost of credit, constantly increasing staff overheads and the general recession have shown just how false the latter belief is. There are heavy pressures on managements—of the big just as much as the small—to be efficient. Some are coping with this situation better than others.

R.G.

Devolution

CONTINUED FROM PREVIOUS PAGE

only by the Government, but by much of the Spanish Left. The fact that both Basque and Catalan Centre and Centre-Right politicians have begun to develop economic as well as political ties abroad has sharpened observation among the Left in the regions themselves, and in the country at large.

The only recent experience of autonomy in Spain, in Navarre, perhaps explains this contradictory mixture of hope and suspicion. Navarre, the disputed Basque province now irreconcilably nationalist and radically Left-wing in character, was rewarded for fighting alongside Franco during the Civil War with a degree of autonomy which the regions in the present programme of devolution are unlikely to achieve for some time.

Its provincial government (Diputacion Foral), for example, disposes of a budget equal to some $350m for a population one-twelfth the size of Catalonia. Its fiscal autonomy meant that in 1964-74, the key years of Spanish industrial development, it was able to invest Pts 11.8bn in industry, creating 30,112 jobs and becoming the province's largest employer in the service sector.

It was also able to attract industry into a predominantly agricultural area—one in six Navarrans still works on the land—through a variety of tax and investment concessions.

However, the fact that this development was carried out by—and to a large extent, for—extreme Right-wing and often corrupt interest groups has created suspicion and resentment. This suspicion was fuelled when the Government took these interests on board for electoral purposes, and for similar reasons has now established a clear demarcation line between devolution for the Basques and Catalans, and for the rest of the country.

As a result, the less-favoured regions have themselves experienced an upsurge of nationalist sentiment, and look to devolution — particularly financial devolution—as a means of ensuring that Spain's regional imbalances do not become permanent.

The Government has made three moves to try and accommodate these aspirations. First, in 1977 it changed legislation allowing savings banks to carry out 75 per cent of their lending inside their own regions. Secondly, it has provided incentives for foreign investors in depressed areas, most recently in the case of General Motors. Thirdly, it has written into its proposals for financial devolution, provision for an "Inter-regional Solidarity Fund," envisaging a sort of Robin Hood mechanism to tax the rich in order to pay the poor regions.

The effectiveness of the first measure is severely limited. Even following the 1977 liberalisation, 62 per cent of savings bank deposits are fed in on an obligatory basis to the so-called "privileged circuits" of credit which provide low-cost funds to mainly State industries, pushing the cost of private sector credit to exorbitant levels. This would not necessarily exacerbate regional imbalances if the Government had a serious regional policy.

But Andalusia, for example, with a substantial net outflow from its savings banks, accounts for only some 5 per cent of the fixed assets of INI, the State holding company which is the beneficiary of the "privileged circuits," as against some 20 per cent in Catalonia. The region's "balance of payments deficit" reached Pta 45bn in 1975, a high investment year when capital equipment bought outside the region took some Pta 65bn and and despite the remittances from the region's 2m-plus emigrant workers, a national growth rate of at least 4-5 per cent is thought necessary before a significant number of jobs are created in the area.

On the second measure, Andalusia — and specifically Cadiz—was where the Government tried to tempt General Motors into setting up. But logically enough, GM preferred the established auxiliary industry, and easy access to continental Europe, the Mediterranean and the Atlantic offered by Saragossa, at the centre of the industrial triangle. However, a substantial Government subsidy did persuade GM to hive off a large part of its components operations to Cadiz.

The third measure has yet to be put into practice, but there has been no shortage of suggestions as to how it can be improved. The regions which provide most of Spain's energy requirements, for example, are generally speaking the most impoverished. To take an obvious case, Aragon and Extremadura, because of the hydro resources of the former and the nuclear sites planned for both regions, should by 1985 be supplying something like 27 per cent of national energy needs, but consuming less than 5 per cent. One imaginative suggestion—which would need linking to domestic and foreign investment and control of the private utilities—is to subsidise energy consumption inside the producing regions by charging a slightly higher rate inside those regions with a net energy deficit. The proposal may sound outrageous, but it is already high on the list of regions whose political clout is growing with the nationalism such measures would to a large extent defuse.

David Gardner

Capital market lacks scope

THE SUAREZ Government has on frequent occasions declared its commitment to the ideal of a market economy. The economic plan unveiled last August — partly practical measures and partly a statement of philosophy — was plain in its determination to liberalise what remains the most rigid financial system in a large industrialised nation. The current rigidity of the system inhibits any proper development of a capital market which in turn means that the increasingly complex financial needs of business and industry are not really being met—or rather that they are met only through strong State dirigisme.

No one is especially happy about this situation. Yet equally neither the authorities nor the financial institutions seem able to shake free from years of habit. Thus the measures that have taken place to liberalise the financial system and help create a capital market have been hesitant, and often a case of two steps forward one back.

The single most important habit that is proving so hard to break is the way in which large companies in strategic sectors have relied on cheap credit that has not come through the market in the strict sense. This has been channelled to them in three principal forms—official credit supplied direct by the Instituto de Credito Oficial (ICO) or its subsidiaries; loans which the Government has obliged banks and the cajas (the savings banks) to provide at cheap rates; and bonds which the banks and especially the cajas have been obliged to purchase. Thus if one of the companies in the State holding company, INI, needed money, there was always a means of obtaining cheap funds in this way.

Compense

To give one example, only 32 per cent of fixed interest stock is at market rates. As a counterpart, the banks sought to compensate for poor or zero returns on these funds by charging high rates on their other funds. It was a system which worked well when the country needed to stimulate industrial investment but latterly it became abused and tended to put the large companies with political clout in a privileged position, to the detriment of small and medium-sized concerns.

A key element in the July 1977 liberalisation was the setting out of a scheme, running up to 1983, gradually to diminish the extent of this State directed investment. For the commercial and industrial banks the ratio of deposits which had to be set aside for this directed investment was to be cut by 0.25 per cent, so that eventually little more than 20 per cent was tied up in this manner. In the case of the cajas the aim was to reduce to below 60 per cent—still a high proportion.

Another of the reforms was to impose strict limits on the number and type of companies which could benefit from State-directed investment, including fixed interest stock purchase. The privileged companies were cut to the Telefonica, the IMI group, the utilities and local companies.

The effect of these two measures was to reduce the amount of funds available for term finance, since it was naturally more attractive for the banks and the cajas to use their "liberated" funds in profitable operations and not those that brought a 6 per cent cent return. The limiting of access to "privileged" fixed interest stock had a sharp effect. For instance, industrial concerns which in 1977 accounted for almost 40 per cent of total fixed interest stock in the market saw this fall the following year to under 10 per cent. Meanwhile the utilities' share rose from 36 per cent to 60 per cent of the total. Overall public service entities accounted for 86 per cent of total fixed interest that year.

Liberalisation was therefore taking place but at the expense of a huge vacuum in medium and long-term lending. Matters were made worse by the decline in share values on the bourses, which in turn reflected poor dividends as a result of a deeply biting recession. The only means of salvation in the term market was the ICO, whose total funding increased 24 per cent in 1978, representing just under 13 per cent of total credit in the system.

Even with this increased intervention by the ICO there was still reckoned to be insufficient term finance. Thus there was increased resort to foreign borrowing, which by mid-1979 the Bank of Spain found to be inflationary. A six-month restriction was imposed in the form of an obligatory 25 per cent deposit in advance of borrowing.

As a "temporary" measure it was also decided in August to impose a freeze on the reduction in the ratio of funds banks and the cajas were obliged to set aside for directed investment. This was a move timed in part to channel funds to the capital goods sector in anticipation of a go-ahead for the country's nuclear programme and an accelerated plan for conventional coal-fired power stations.

The freeze, accompanied incidentally by an earlier cut in the ratio of the cajas (0.10 per cent a month instead of 0.25 per cent), is expected to release an extra Pta 135bn in the period up to the end of March. The freeze was meant to be removed then. All the indications are, however, that it will remain in force, no matter how much it might blunt the liberalising aims of the Government.

The pressure still remains on the ICO. This institution nevertheless believes it essential to become more market-orientated itself. This applies both to the increased slice of funds, currently one third, which it must obtain in the market, and to the rates at which it lends. In the past five years average rates charged by ICO has risen little. The main increase has been since 1977, moving from 6.5 per cent to 8 per cent.

With high interest rates all round, ICO is faced with a difficult task because it effectively has to rely on borrowing short to lend long—which no banker likes even if the State stands behind. Officials within ICO believe that its average rates should be raised to 11 per cent. In this way borrowers would be educated in the need for a market rate—or put another way, that subsidies should not come through soft interest rates but through some other mechanism, preferably direct subsidies approved by Parliament.

A good recent example here was the issue of naval credits. It was proposed to the Government that shipyard purchases should be funded at 11 per cent. At this rate it was felt fair to ask the commercial and industrial banks to participate. The purchasers said, however, that at this rate it was impossible to buy. The commercial and industrial banks then said that if the rate were to be lowered they would not participate in any funding operation. What happened? The rate was fixed at 8 per cent and the funding was left to the ICO, which will now have to produce some Pta 40bn for this sector.

Attractive

Therefore, to be assured of obtaining its share of market funds the ICO has to offer attractive rates of fixed interest stock, calling in special fiscal benefits which add between 2 and 3 points to the return offered as against normal fixed interest stock.

The same privileged fiscal treatment applies to public debt issues and to varying degrees with entities like RENFE (the State railways), the utilities and local corporations. While this privileged treatment means that subscription is assured (the heavy subscription of a RENFE and a Construction Bank issue last autumn were proof of this), it nevertheless makes it harder in the future to liberalise. The authorities argue it is better first to generate a market and afterwards liberalise.

Only when the market evolves do the authorities believe a secondary market can take root. At present this secondary market is minimal. Much hope has been placed in the advent of the foreign banks but these still feel bound by restrictions and a certain caution. Discounting commercial paper has yet to become a specialised business.

The main novelty has been the introduction of acceptances by the foreign banks on the stock markets. They have been able to do this by exploiting loopholes in existing legislation, which permits them to offer competitive discounts (around 13 per cent) because they avoid turnover tax and regulations on compulsory deposits which apply on other transactions. The authorities have encouraged this activity even though it met with opposition from the more traditional Spanish banks like Banesto.

Six months ago the authorities started a campaign to reduce interest rates, setting as an objective a cut of two points. They argued that banks could afford to trim their margins. This provoked an outcry among the banking community and a mass of statistics was produced both for and against the idea that margins were too big. This polemic has been dropped for the moment, especially as Spanish interest rates are now almost in line with those abroad. But what the polemic underlined once again was the difficulty of banks to operate as if there were a market economy when some 20 per cent of deposits are tied up in controlled operations with a return of under 7 per cent. They must seek to recoup this cost in higher rates on the remainder of their funds. This vicious circle is going to be hard to break.

R.G.

Striking development of operations abroad

IN THE past two years one of the most striking developments in Spanish banking has been the big expansion in operations abroad. Two Spanish banks — Banco Extz, the official export credit bank, and Central, Spain's second most important commercial bank—have lately purchased subsidiaries in New York. In other American ventures, the Banco March, a medium-sized bank, bought a minority share in the Suffolk County Bank in Virginia this year, and the Banco Internacional de Comercio, a small bank with a dynamic international department, invested in Miami last November, buying a 24 per cent participation in a local bank with the rest purchased by clients of the bank and members of the board of directors.

Indeed, judging by the number of Spanish banks that are now opening branches in Miami, this centre is fast becoming a Zurich for the Spanish banking community, both to obtain dollar deposits and to finance the growing business of clients in Central and South America. Santander, Spain's fifth largest bank and the one with the biggest international network, has just been authorised to open the first non-U.S. edge bank in the area. This is a category of bank that can operate with offshore deposits but cannot obtain local ones. On top of this Santander and Central both have Puerto Rico-based banks. In the case of Central's offshoot—the Banco de las Reservas—this is one of the biggest banks in Puerto Rico.

Alongside these developments there has been an expansion in Latin America probably even greater than in North America—though this has received less publicity. Meanwhile, the tendency in Europe is towards consolidation.

Finally, Banco Urquijo, Spain's leading industrial bank and one with a long tradition in overseas business, is again breaking new ground. Urquijo was the first Spanish bank to open a subsidiary in New York four years ago with a team capable of operating directly on the New York financial market (something the other Spanish banks still do not do). It also has a branch in Abu Dhabi from where Arab funds are detained to finance clients in other parts of the world. This year Urquijo opened a branch in Singapore, the first opened by a Spanish bank in the Far East.

Profits generated from foreign operations vary considerably. In 1979 the average proportion in terms of overall bank profits was 15 to 20 per cent, but in the case of Banco Popular, one of Spain's leading banks, was slightly less at 14.8 per cent. At least three Spanish banks recorded above 20 per cent (Vizcaya, Exterior and Internacional de Comercio); Urquijo was probably top of the list, with foreign earnings representing 40 per cent of its total earnings.

Another difference is in the emphasis placed on activities. Urquijo, for example, was the leader in foreign currency loans in 1979: Vizcaya, also a Basque bank, the leader in syndicated loans. In addition, while there is an important element of prestige involved throughout in the foreign operations of Spanish banks, for a few, prestige counts for more than economic considerations.

Conservative

Banesto, Spain's biggest bank, which pursues an extremely conservative policy in its foreign operations, concentrates most on credits for exports and imports — a highly profitable line. Mas Sarda, a small Catalan bank, has concentrated on syndicated loans, which have proved much more prestigious than profitable. Furthermore, while all Spanish banks naturally go where Spanish foreign investment and trade is important, the situation of the Banco Exterior, in which the State has a majority shareholding, is exceptional.

Under existing regulations all private banks have to set aside a percentage of their deposits for the so-called "privileged circuits" (the state-directed investments in the form of loans offered at well below market rates of interest). Out of these funds 3 per cent is used to finance exports. But all funds drawn from the Banco Exterior—30 per cent of its total deposits—are used for this purpose.

In addition, the bank receives all the credits allocated for exports by the Instituto de Credito Oficial (ICO). This gives it an edge over all other banks in so far as export credits are concerned. It also means that the bank is in a position to offer lines of credit abroad at extremely attractive rates of interest, usually at 8 per cent or less, and for periods of up to 10 years. This has the effect of giving Spanish trade an added competitive edge, and EEC members have pointed out that this State intervention in raising export credit may not continue once Spain fully adjusts to a market economy and joins the European Community.

In historical perspective, a turning point for the banks was the stabilisation plan in 1959 which switched Spain from an autarchic to a liberal economic system. Before then only two banks—Bilbao and Exterior—had branches in the main financial centres of Europe. Indeed Banco Bilbao, true to its Basque origins, opened branches in Paris and London before it opened one in Madrid. However, the real expansion of the banks abroad was initially linked to Spain's industrialisation in the 60s and the gradual liberalisation of Spanish trade.

Then, to accompany the massive emigration of Spaniards to work abroad a few banks, like the Banco Popular, began to open branches in European countries where there was a large Spanish emigrant community — particularly, for instance, in France, Germany and Switzerland—both to attract funds and to service the emigrant community's remittances to Spain. In addition, three Spanish banks—Banesto, Bilbao and Banco Popular—had Andorra-based banks to cater for the growing number of Spanish tourists going there.

These activities made Europe the most important area for Spanish banks' foreign operations in the 60s, and once Spain joins the EEC in three to four years' time there may again be renewed interest. Meanwhile, however, from the late 60s and onwards throughout the 70s Latin America has clearly replaced Europe in importance.

Some of the reasons for this are traditional, such as the advantages of sharing the same language, culture and attitudes. But other considerations are economic: the existence of large Spanish communities with important industrial investments in the area; the relaxed regulations on taxation and the repatriation of profits; and the growing opportunities for Spanish companies in the area to pass on the kind of intermediate labour-intensive technology that Spain has, and Latin American countries seek, but which would not be easy to sell to the industrialised countries.

Indeed, those who thought that Latin America would have little to offer a Spain moving into a democracy have been proved wrong, at least in so far as banking business and private Spanish investment abroad is concerned. Bankers, when asked, say that the best medium to long-term prospects are in the southern cone countries (Chile, Argentina), and Brazil, all of which are governed by military dictatorships.

Banco Santander, which has eight subsidiary banks in Latin America, including Chile, Guatemala and the Dominican Republic, had its subsidiary nationalised in Argentina during the second government of the late Juan Domingo Peron but this was returned when the military came to power in 1976. Banco Exterior has just received authorisation to open a bank in Buenos Aires, and together with Santander and Banco Hispano - Americano (which has an important cross-ownership with Urquijo), it is negotiating the purchase of another subsidiary in Brazil.

Investment

Summarising the situation, in 1978 68 per cent of the total direct private Spanish investment abroad went to Latin America and out of the total the banks' share was 27 per cent. In 1979 this rose to 44 per cent, nearly all of it used to finance industrial investments in Latin America.

The decision to move into Puerto Rico in the mid-70s, and then to move on to Miami and New York is in fact principally explained in terms of the growing business in the Latin American continent. Moving into Puerto Rico enabled Spanish banks to have a toe in the U.S. market, and to establish new contacts.

In this context the move into Miami reflects greater confidence. Like Puerto Rico, Miami is bilingual. It also has the best communications with Latin America (no capital in South America is so well connected), is the centre for capital inflows from North America. South America and Mexico, houses the headquarters of roughly 80 per cent of the U.S. multinationals that do business in Latin America. It has the added advantage of being in the U.S.: in some Latin American countries like Mexico, foreign banks are not allowed to purchase subsidiaries.

Neither the Miami nor the New York move would have been possible, however, but for two factors. The first was that in 1977 Spain's balance of payments swung from deficit to surplus, an event which together with a sharp rise in foreign investment in Spain led to a more relaxed attitude towards Spanish investment abroad. Secondly, the principle of reciprocity was approved early last year when the Spanish Government allowed ten foreign banks (four of them American) to open branches in Spain. This influenced the U.S. decision to allow Spanish banks to purchase the subsidiaries in Miami and New York.

Jane Monahan

Problems of nursing the weak

HAVING LAIN dormant for almost a year the theme of banks in difficulties has once again come to the fore. There has been no fresh major bank collapse but the fate of a number of small and at least one medium-sized bank has become the constant talk of bankers among themselves. The accumulated strains of having to cope with higher overheads and three years of domestic recession, coupled with demands hy the Bank of Spain for greater clarity in the presentation of accounts, are bringing to the surface tthe latent vulnerability of a good 20 of Spain's 109 commercial and industrial banks.

The main problem therefora is bow to deal with these vulnerable banks without damaging confidence in the banking system as a whole. So far the system has shown considerable resilience in absorbing the shocks created by the hankruptcy of the Banco de Navarra in 1978 and the collapse of four other banks that have been taken into the specially formed Corporacion Bancaria—the so-called "bank hospital" financed 50/50 by the banks and the Bank of Spain. However, the sbake-up in the system caused by the recession and tighter controls has been alower to materialise than expected and it was only last autumn that the authorities began to realise that more extensive provision had to be made for the difficulties ahead.

Reluctance

It seems generally accepted that a bank in difficulties sbould not be allowed to go under. The sole exception is in the case of large-scale fraud and illegality. Even so, there is a general reluctance to let this happen. It may appeal to some (though few) who want to see a free market approach prevail. But weighing against this is the very substantial loss of public confidence that could ensue, even though depositors' funds are guaranteed. Secondly, although a good many of the smaller, and some medium-sized banks, are controlled by a clearly identifiable group of shareholders—family or close business associates—there are also small shareholders who can claim to he victims of mismanagement and who risk losing everything.

Thus with the principle of saving the bank uppermost in the banking community's mind, attention has focused on the method of salvage. Until now there bave been four mechanisms employed. The first has been for the Bank of Spain to interest one of the banks in taking over cootroi of the ailing institution. This obviously is tbe most satisfactory solution for the system as a whole. It happened in the case of the Catalana group with Banco Induatrial de Mediterraneo, and Bankunion with Banco de Gredos. Such a move has usually been accompanied by discreet but substantial Bank of Spain revolving credits at below market ratea.

A second method has been for the Bank of Spain to negotiate on a sort of gentleman's agreement basis for management changes to take place, usually with the appointment of either new board members or individual new appointees who enjoy the confidence of the Bank of Spain. This bas occurred in the case of Bankunion, Lopez Quesada and latterly Banco de Asturias.

Quite apart from this there have been several instances of the Bank of Spain pumping funds into banks on the understanding that certain changes are made in lending policy and portfolio investment. The extent to which the Bank of Spain has discreetly belped banks is not known, but it is considered by the banking community to be substantial. The common feature of all these three mechanisms is that the vulnerable bank is helped, with the minimum of publicity and on the basis that it has a basically sound future—either associaled with a larger institution or on its own.

The fourth method, absorption into the "bank bospital," on the other hand openly admits the need for drastic surgery, and is nothing other than a line of last resort. The Corporacion Bancaria (CB) was born out of necessity in the spring of 1978. Under Spanish law, although depositors were guaranteed by a special fund from November 1977, action to save a bank is only possible once it has filed a petition for temporary receivership. But any hint of sucb a move would inevitably affect customer confidence and prejudice any attempt at recovery.

Occasions

To bridge this gap the CB was created with a Pta 500,000 capital. Sinca its creation it bas acted on four separate occasions—moving in ita own staff, protecting despositors and employees and guaranteeing all ohligations "validly contracted." The CB has never bought an outright majority of shares, merely those of the controlling group for a nominal peseta. Tbus its ownership of the four banks is as follow's: Cantabrico (60 per cent); Granada (51 per cent); Valladolid (70 per cent); Meridional (80 per cent); Credito Industrial (63 per cent).

The aim of the CB has been not just to nurse these "patients," but to restore them to health—in other worda, by careful management, to remove debts and return them to profitability ao that they can be sold off. The last bank to be absorbed in this was Granada in January 1979.

So far the CB has succeeded in selling off one bank in its care—a subsidiary of Granada, Banco de Credito Comercial. In Jannary Banco de Vizcaya, one of the big seven banks, agreed to purchase this subsidiary—or rather the 65 per cent stake held by Granada—for around \$19.6m. This was regarded as a major success for the CB. However, it also happened to be the most viable unit inside the CB.

It is going to be far harder for the CB to sell off other banks for a mixture of legal and financial reasons. For instance, there are already eight legal actions underway in connection with the other banks. Additionally there are substantial losses to absorh, plus large Bank of Spain special loans which need to be paid off or renegotiated.

Given this situation, the banking community has hegun to examine how the CB should (a) cope with its existing banks, and (b) come to terms with a new potential "patient." In either case more funds are needed. The idea was mooted of raising sustantially the CB'a capital, hut this was sharply resisted hy most hanks. They argued they could not persuade sharebolders to underwrite such a move wben a good part would be devoted to writing off losses and aettling debts incurred by institutions over whicb they had no control. The banks also rejected the idea of the Bank of Spain contrihuting to the capital increase, since this would appear too mucb like nationalisation. The idea was finally killed because it threatened to make the CB too large an entity.

This has therefore led both the authorities and the banking community to consider a system similar to that used in tbe U.S. Under this, the deposits guarantee fund will be broadened both in its scope and its content.

Instead of the fund consisting of a once-off quota as at present, banks will be asked to contribute annually on the basls of one peseta per 1,000 of their deposits. The funds generated in this way will be used both to aid the banks in the CB and those potentially in need but at present outside the CB. They will be made available on a discretiooary basis, decided by the authorities, who would be ahle to strip down assets and sell them off to third parties or to write down capital.

Tbe CB is confident that if this system is adopted, then the banks it currently administers could be "out of bospital" within a year. It also provides a more soild guarantee to tbe system against the fallure of banks currently in difficulties.

R.G.

Enlivening foreign presence

BEFORE THE end of the year there should be 20 foreign banks operating in Spain. This time last year there were only four, who had all for various historical reasons been in the country for some time.

The admission of foreign banks to Spain is an important symbol of the Government's desire both to atimulate and liberalise the banking system. The fact that the foreign banks bave been selectively admitted and their operations bedged round with constraints cannot be ignored. Yet these restrictions do not detract from the importance of the event.

The Government has moved cautiously, fully aware of the sensitivities of the more conservative elements within the Spanish banks. Yet it has refrained from openly trying to play the foreign banks off against the local ones, as was once feared.

The decree admitting foreign banks was approved in June 1978, but it took a further seven months for the authorities to work out which to admit, and on wbat terms. Efforts to keep initial entry down to four were overruled. But the Government felt obliged to hold down the initial number of entrants to 15 out of 19 applicants, and pbase them in. Thus the first ten banks were allowed to begin operations as lo Marcb last year; the remaining five begin Marcb this year.

Tbe first hatch comprised four from the U.S. (Chase, Citibank, Manufacturers Hanover Trust, Morgan Guaranty), two from the UK (Barclays, NatWest,) two from France (BNP and Paribas) and two from W. Germany (Dresdner and Deutscha Bank). Those in the second batch were Continental Illinols and Chemical Bank (U.S.). Algemene Bank (Netherlands), Banque de l'Indochine (France) and Ccmmerzbank (Germany).

Subsequently the Government agreed to admit Banco do Brasil. This bank had bad its original application stalled on the grouods of its refusal to accept the idea of reciprocity. However, when Premier Adolfo Suarez visited Brazll last August agreement oo the admission of the hank was among the outcomes. Of all the new admissions it was the sole ooe to be overtly political. In the case of the others the autborities baaically admitted those which either had strong historic tles with Spaio or had been active in recent business and represent major international institutions.

All tbe 10 foreign banks came in under the terms of establishiog branch operations, which obliged them to hriog in Pta 750,000 as security. By contrast, any bank wanting to establish a subaldiary had to put up Pta 1.5bo to cover capital and reserves, the minimum for a local bank. No bank did this—althougb the Bank of America took advantage of the decree whicb permitted the acquisition by foreign banks of full cootrol of Spanish banks in which they already had a stake exceeding 25 per cent. At present there are 15 foreign banks operating, although tbe main banking body, the Consejo Superior Bancario, classifies Bank of America as a Spanisb local bank.

Banks operating through subsidiaries can open as many branches as they wish, hut those opting for branch operations are limited to three. This is not regarded as a real limitation since the principal interest is not in retail banking.

Limitation

Tbe main limitation is on peseta dealings. This activity cannot exceed 40 per cent of a foreign bank's assets inside Spaio. Sucb assets are defined as Government securitiea and that proportion of deposits whicb hanks are obliged to place with the Bank of Spain. This restriction was imposed, on the insistence of the Spanish banking community, to protect possible competition in attracting peseta deposits. So far two of the newly admitted banks have decided to increase tbeir security to allow greater scope in this respect—Deutsche Bank and BNP. The most significant operator has been BNP and its security is now Pta 1.3bn.

Tbe new banks began to show their hand in May last year and by July all were operational in one form or another. In terms of figures their impact has been, as expected, very slight. Foreign banks now provide 1 per cent of total credit against 0.7 per ceot the previous year. However, the amount of credit provided by these 14 banks doubled to Pta 91hn during the year. Whereas two-thirds of this lending used to be in foreign currency, the proportion now is just under 60 per cent.

The foreign hanks have been active in discounting but as a result of restrictions being slapped on have been unahle to do the kind of business in guarantees they had boped. This situation, and disputes over the application of turnover tax to loans, have heen aore points during the year.

Blocking

In general the foreign banks have kept a low profile aod adopted a "wait-and-see" policy. It has been important for them to discern the extent to which the banking community really accepted their presence or was prepared to cootinue playing a blocking game. Certain leading Spanish banks have continued to bebave as though tha foreign hanks had not arrived—or tbat they could he shown how things were done.

Tbis has been the case over the introduction of ao acceptances market on the bourses, pioneered by Barclays and Morgan. Agreement was reached with the Madrid Bourse by the foreign banks on taking acceptances, without prior contact with the Spanisb banks. Banesto, reportedly angry at tbis conduct, did its hest to try and wreck the infant market. However, the foreign hanks—more of which are expecled lo join in offering acceptances—were bappy to find themselves heing supported by the Economy Minister, Sr. Jose Luis Leal.

Tbe wariness of the two groups has also been evident in the question of admitting foreign banks to the Spanisb Bankers' Association. Tbe Prime Minister is reported to bave told at least two visiting heads of international banks that he preferred to see the foreign banks kept separate. In this way, he said, they would be able to set more of an example and would not fall into tbe same bad habits as their Spanisb colleagues. However, it now seems that the foreign banks will join the Association—but the extent of their rights is not yet clear.

It is too soon to judge the impact of tbe foreigners. Certainly their presence has belped remind Spaoish bankers that sooner or later the system must liberalise. Their presence has begun to create a greater sense of competition, and a keener awareness of the need for more efficient management.

R.G.

Foreign buying helps shares

SUPERFICIALLY the Spanisb stock market seems to be resisting the economic crisis. The volume of trading in 1979 went up 25 per cent, and in terms of the number of companies listed on the market Spain is said to rank third in Europe.

A closer look, however, reveals these figures as window-dressing. Activity on the three exchanges in Madrid, Barcelona and Bilbao (which respectively account for 70 per cent, 14 per cent and 10 per cent of business conducted) bas been depressed since share values started to plummet in 1974. The bourses have reflected in more exaggerated form the Spanish economic situation of high inflation and unemployment and deep recession. In this sense 1979 was no exception; prices showed extreme sensitivity to external *factors, with trends dictated* by politics rather than by balance sheets.

The general index declined by 16.4 points last year, and according to International *Capital*, a *Geneva*-based publication, share values dropped more during tha past decade on the Spanish bourses than on any of the world's 17 other leading stock exchanges, with an overall *decline in the index of 48 points* compared with a rise in the cost of living index over the same period of 275 points.

In these circumstances, with public confidenca badly shaken, high rates of inflation and low returns on dividends, the stock market no longer bas the attraction for investors that it bad in the early '70s when a boom in share values resulted in 3m Spaniards owning abares. These small urban investors now find it more profitable to deposit their savings with banks or to gamble with lotteries, while tha rural population remains circumspect.

Symptomatic of the crisis, total capitalisation on the exchanges declined by Pta 95.4bn last year. Even a major state-backed utility like the Telefonica (National Telephone Company), which financed most of its expansion during the last years of General Franco by issuing shares which did not bring the profits thousands of Spaniards wbo bought them had hoped for, can no longer rely on this as a key source of raising funds. Otbers, like the large paper corporations, withdrew from the stock market long ago.

That said, the slump bas not affected all *sectors* equally. While commercial banks and the electricity companies, (Hidrola, Fecsa, Fenosa, Union Electrica) maintained high ratings in 1979, the prices of industries *listed* under *the* metallurgical sector dropped 40 points.

Exaggerated

It is also perhaps an indication of the exaggerated pessimism of Spain's traditional investors (private banks and financial institutions) that foreign investors are now showing more confidence in the bourse and in the ability of the administration to cope with the present crisis. Foreign activity was chiefly responsible for the record increases on the Madrid index last March when, for the first time in its history, a five-point rise was seen in two sessions in a row in the two days after the general election results that confirmed the Union de Centro Democratico Party in power for a further four years. In all, foreign investors raised Pts 5.9bn in new money on the stock market in 1979, and wera responsible for more than one-third of total subscriptions during tbe first quarter.

Now foreign activity is again at the centre of attention. To get round the limitations currently imposed on foreign banking operations in pesetas, three foreign banks—Morgan, Barclays and Deutsche—accompanied by one small national bank, Induban, issued 150 acceptances on the Madrid exchange on January 15 at Pta 1.25m for ona year at 13 per cent. Sixty were subscribed on that first day, and soon the Banque Nationale de Paris joined in. However, the development prompted an emergency meeting by the big national banks and on the last day of January, Banesto, Spain's leading bank, broke previons records by issuing 20 acceptances at Pta 2.5m at 14 per cent for six months.

This led to speculation that Banesto was trying to kill the fledgling market. For the moment, however, the chief novelty of the acceptances trade is that it represents the first sign in aeveral years of competition with the large national banks whose dominant position on the stock market has never seriously been challenged.

In tha last analysis this position has a lot to do with the *importance of the national banks* in the economy as a wbole. For instance, though the Government bas pledged itself to develop the monay market, the banks' position as tha chief suppliers of *credit for* the private sactor bas continned to be decisive; it accounted for 77 per cent of all the private sector's external financing in 1977. Conversely, the stock *market's* contribntion was *15* per cent and official credit 9.4 per cent.

Indeed the disproportionate role of the banks and of the institutional investors is apparent at every stage of the bourse's transactions. Out of new capital admitted to the stock exchange in 1979, just 10 stocks on the Madrid exchange, covering banks, electricity companies and utilities accounted for 62 per cent of total capitalisation, while three industrial sectors—mining and chemicals, textiles, vehicles—accounted for just 6 per cent.

At the other end, in terms of the number of shares and fixed interest securities picked up, the commercial and industrial banks absorbed 55 per cent, and the electricity companies 15 per cent. Moreover, a mere 5 per cent of all shares *quoted* in 1979 were the object of regular trading. This institutionalisation of tha bourse, where acivity revolves around a few aectors and a few shares, is compounded by other structural limitations.

Tax problems and regulations *impede the development of* the market. It is generally agreed that one reason why large corporations resist "going public" is to avoid indirect disclosures to the tax authorities on *their real economic and* financial situation. Meanwhile, existing taxes, on the issue of stock, are a disincentive for medium and small-sized industries seeking a qnotation, while *tax exemptions* are *generous* for State-backed enterprises.

Secondly, though companies are in principle obliged to provide investors with accurate and regular information on their prospects and situation, this rule is seldom complied with. Conversely the banks have a clear advantage, having access to inside information on the industries where they bave a participation.

Thirdly, one of tha most atriking features of the Spanish stock exchanges is that there is no developed brokerage system. There are also almost no organisations suited to the interests of tha small investor, such as pension funds, unit trusts and insurance companies. Instead, all transactions on the stock market require tha intervention of dealers who combine these activities for the banks, for which they may earn up to Pts 20m a year in commissions. As a result the dealers are highly dependent on the banks, and this lack of independence is endorsed by existing market regulations that limit the number of dealers and, forbid the formation of associations of dealers covering the three stock markets. Add to this the fact that any order on the buying and selling of a share requires the intervention of the dealer with *six different documents*, and a delay of up to six months before the transaction is liquidated, and one may begin to understand why many private investors shun the bourse.

Fourthly, the committee that decides on whether or not a company may be granted a quotation, and the overall council of the bourse do not represent all the groups which carry ont operations. Nor does the council act as a watchdog. Instead it seems to represent the interests of precisely those people it is designed to supervise.

Unfamiliar

As for the medium and small-sized industries, which are completely unfamiliar with the stock market, these depend increasingly on credit from the banks, at high interest rates, as their main source of outside finance.

Meanwhile the most recent developments related to the stock market are, first, a decrea law last December which increased the amount of money Spanish-owned unit trusts may invest on foreign stock markets from 10 per cent of their total assets, to 20 per cent.

In the long term this partial opening of the door for Spanish *investors may provide* competition in the Spanish stock market. However, since 1973 no more than abont 4 per cent of the assets of these trusts has been invested in foreign exchanges each *year, chiefly* because Spanish investors are unfamiliar with the regulations of foreign stock markets, and becanse the decree makes it compulsory for Spanish investors to *deposit their shares with* banks rather than with stock-brokers or jobbers even in those countries where this practice is common.

The second development is that this month a data bank is going to be installed in the Madrid exchange, wbich will provide information on share values, the financial situation of companies, capital increases and so on. This is a step in the right direction towards providing public investors with more information.

Jane Monahan

MADRID EXCHANGE NEW ISSUES
(Pta. bn.)

	Public Issues	%	Bonds	%	Shares	%	Total
1975	16.0	6.8	116.1	49	102.0	42	234.2
1976	20.0	6.7	137.3	46	140.6	47	297.9
1977	46.0	15.8	146.0	50	98.3	33	290.3
1978	77.3	20.3	140.6	37	162.2	42	380.1
1979	140.8	33.2	153.2	36	130.1	30	424.1

Source: Madrid Stock Market

Savings banks and regional links

FOR SPAIN'S savings banks 1979 was a year of mixed fortunes. For the first time in recent years their share of total banking deposits (around 35 per cent) grew at a slower pace than that of the commercial banks, while the package of monetary measures decreed by the Government last April bottled up the process of liberalisation underway since August 1977, siphoning off a considerable portion of their liqnidity. But at the same time—and much to their relief—a Socialist bill which sought to bring savings banks under greater local and regional government control was defeated in Parliament.

In recent years the savings banks have been consistently outstripping the commercial banks' growth rates by an average margin of 2 per cent—even though they pay among the lowest interest rates in Europe. Last year the trend was reversed, with the commercial banks increasing their deposits by 19.71 per cent against the savings hanks' 18.7 per cent. Admittedly with Pta 3,530bn ($52.7bn) in deposits — just over half the funds controlled by Spain's "Big Seven" national banks — the savings banks' position in the system is *not substantially* altered, but there is no doubt that for the moment their room for manoeuvre has baen curtailed.

Increased

The main reason for this is the brake on liberalisation. Under the reforms of August, 1977, the savings banks were brought closer into line with the commercial banks. Their staple market remained the small saver and wage earner but their range of services was increased, allowing them, for example, to discount commercial paper, take part in foreign currency transactions and deal in the ioterbank market.

But the major change was in the portion of deposits which bad to be invested along lines *laid* down by *tha State*. This was reduced from 69 per cent to 67 per cent, falling hy a quarter percentage point a mooth, so that by last April it stood at 62 per cent, leaving tbe savings banks with more liquidity than at any other time in their otherwise uneventful history.

The April measures, designed principally to relieve pressure on a tight money supply target by curbing the massive influx of foreign credit and to expand domestic credit, immediately slowed this drop from a quarter to one-tenth of a percentage point. At the same time they established a system of obligatory deposits with the Bank of Spain, remunerated at minimum rates and redeemable by tha granting of medium-term credits and the subscription of domestic capital issnes. The two measures together drained off some Pta 90-100bn in the course of nine months.

But for 1977 liberalisation was in many respects a leap in the dark, and was carried out in the case of the savings banks without extracting any quid pro quo. The savings banks are theoretically noo-profit-making institutions whicb traditionally direct their credit towards first-time bome huyers, into personal loans to small savers, credit too small and medium-sized companies, and the construction industry, above all that section of it responsible for public housing.

Since the liberalisation, however, the portion of lending earmarked for housing has dropped markedly, with around Pta 20bn being drawn away from the construction industry each month last year. Concern has increased that the savings banks, rather than completing their traditional function, are in the present credit squeeze increasingly diverting lending towards the lucrative interbank market, or using funds as a source of ready liquidity for companies connected with leading figures in the savings banks hierarchy. The Board of the Spanish Confederation of Savings Banks (CECA), for example, bas eight members who are also on the board of 16 leading private companies.

This concern was illustrated by an embezzlemeot scandal unearthed in Barcelona last March. Some Pta 500m bad been siphoned off from bogus account books at a national bank branch, to which clients had been lured with the promise of 23 per cent annual interest. The main institution affected was the Caixa, Spain's largest savings bank and the fifth largest financial entity overall, which was taken for Pta 370m.

From the Caixa's point of view, it was more a question of imprudence than impropriety. But observers were quick to ask what a savings bank was doing putting its money into speculative areas anyway, ratber than into the socially useful projects whicb figure high up on the *savings banks'* charter, and which for many people give them their attraction.

The incident fuelled the criticism that had led to the Socialists putting forward a bill designed to bring the savings banks under greater local control. The measures would bave allowed 50 per cent of board *members to be appointed by* town or city municipalities, with the rest of the seats distributed among the trade unions, depositors and cultural and neighbourhood associations.

As it was, in the municipal election of last April—the first in 46 years—32 of the 82 savings hanks grouped in CECA came under substantial control by *democratically elected local* authorities.

The savings banks' concern was twofold. First, it was always clear that the Left would sweep the board in democratic local elections. As it was, the combined Left and regionalist forces won control of 28 of Spain's 30 major cities. Under Left-wing and regionalist control, the savings banks feared they would increasingly become local credit banks, obliged to finance projects with a poor or nil return.

Secondly, they were suspicious that the Government might favour aspects of this reform as a way of bailing out insolvent town halls. Spain's combined municipal deficit has accumulated to some Pta 400bn ($6bn)—that is to say, twice this year's original public spending target, of whicb the town halls were assigned only 9 per cent.

Control

Regional control over the savings banks is at present limited. They operate in regional federations, and indeed are obliged to invest 75 per cent of their funds inside that region. But this is still only 75 per cent of the 38 per cent they control independently of the State, or 28½ per cent all told. In practice this bas meant the decapitalisation of poor regions in favour of the richer ones, since the obligatory deposits are channelled towards the so-callad "privileged circuits" of credit, which largely fund publicly - owned heavy industry or semi-publicly owned monopolies.

Thus indnstrialised Catalonia, with little large-scale or pnblicly owned industry but a high concentration of savings, and Andalusia, with little industry to speak of and 2½m emigrant workers who would see their remittances invested anywbere except in a job inside their own region, hoth fael justified in complaining.

In September the Caixa hought a 7 per cent stake in Banca Catalana, the flagship of the six-bank Catalana group put together over the last 20 years by the family of Sr. Jordi Pujol, tha moderate oationalist leader. Both sides naturally stressed the financial reasons behind this first link-up *between a commercial and* savings bank in Spain. But the operation nevertheless coincides neatly with two of the strategic aims of Catalan nationalism.

On the one band the commercial bank tie-up places the Caixa outside the orbit of the Catalan Left. No legal change is involved since both the Caixa and Catalana are private entities and the operation was in any case a one-off job under special Bank of Spain authorisation. But there is little donbt that the Caixa is, in political terms, much mora private than it was this time last year.

On the other the combined assets of the Caixa and the Catalana gronp amount to about $10bn, putting Catalan banking on tbe same footing as the "Big Seven" national banks. This looks like a first step towards overcoming tbe traditional weakness of Catalan finance capital, wbich, if followed up, would *give* the *fortunes* of Catalan nationalism a mnch-needed boost.

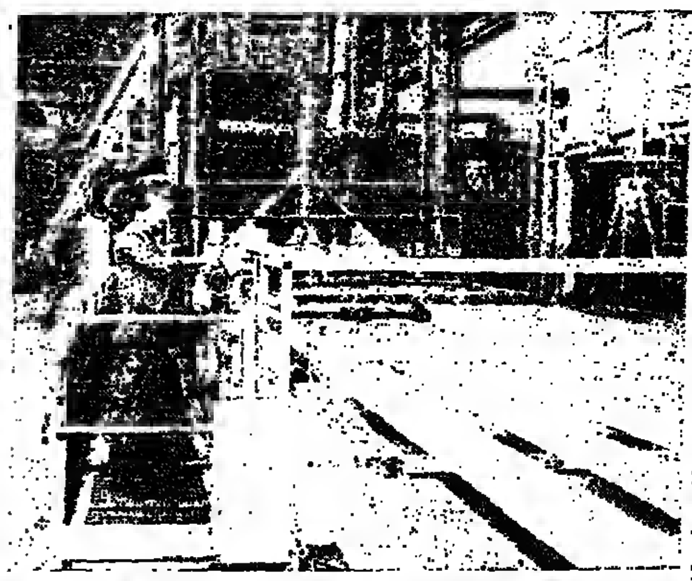
David Gardner

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How deadwood was chipped away from Scotland's board industry

Ray Perman reports on the emergence of Caberboard from the collapsed Scottish Timber Products

Dr. Bob Stillinger (left) managing director of Caberboard: "I am a great believer in one man having no more than one boss"

IN 1977 Scottish Timber Products collapsed in a heap of financial debris. Six months later its plant, under new ownership and with a new name, began manufacturing chipboard again and was profitable from its first month of production. It has been a money spinner ever since and is now on the verge of a £5m expansion.

How did this transformation come about? The plant was, of course, "rescued" and "rescues" have become just as much a part of the UK industrial scene in the late 1970s and early 1980s as mergers were in the late 1960s.

STP was set up in 1972 by a group of private investors to make chipboard. The omens looked good. The UK market was big and growing and only 30 per cent of the demand could be satisfied by domestic producers. The government was anxious to make full use of the large quantities of timber becoming available in Scotland.

The company had enough backing to buy a greenfield site at Cowie, Stirlingshire, to build a large factory with plenty of room for expansion and instal some of the biggest and most technologically advanced plant available. It hoped to be the most successful chipboard producer in the UK.

These hopes were never realised and after five years of indifferent performance, STP closed. Part of the initial financing for the £10m plant had been arranged in Deutschemarks and as Britain went through a currency crisis in the mid-1970s the interest payments doubled in sterling terms. Dr. Bob Stillinger, the man who led the rescue operation, believes this unanticipated burden weakend the management in its approach to a lot of the other problems.

Labour relations were already less than perfect, but knowing that any disruption could mean that the company would not be able to meet its interest payments, encouraged the management to give in to the unions. The plant was grossly overmanned (experience since the collapse has shown it can be run on less than half the number employed by STP). It never reached the productivity levels of which its advanced machinery was capable, the workforce was poorly motivated and when the market faltered in the face of aggressive foreign competition, the company went under.

Receiver

The Cowie plant lay idle for six months while the receiver, the government, unions and the local MP tried to find somebody to buy it. Several negotiations came to nothing and the problem was made harder by the fact that the Irish were also looking for a buyer for a chipboard company in the Republic. Finally it was one of STP's largest creditors, the West German group Bisonwerke Bahre and Greten, which had supplied the manufacturing machinery, which stepped in and bought the company for £2m.

In 1978 Bison asked Stillinger, an American then doing consultancy work in the U.S. and Canada, to try to save the firm at Cowie, which had now been renamed Caberboard.

The choice of man turned out to be crucial. With 27 years' experience in the industry, first as an academic, then in technical development and finally management, Stillinger knew particle board manufacture inside out. But just as important was his approach to management. As a man at the summit of his career, he knew what he wanted to do and was stubborn enough to defy unions and owners to do it. Whereas a younger man with an eye on his promotion prospects and his mortgage commitments might have been tempted into compromise, Stillinger stuck obstinately to his point of view time and time again.

He prefers to call this style "firm but fair." Others in the plant describe it more plainly as "tough."

The first test came immediately. Stillinger and his management team (the production, marketing and finance managers had been asked by Bison to stay on) worked out that the plant could be run with 153 people. The unions insisted that the number should be nearer to the old figure of 375. There was a two week strike and Bison began to get nervous that its gamble was not going to pay off at all. Stillinger, however, stuck to his guns and won.

Cuts were not only made on the factory floor. Office staff was cut from 22 to eight, the sales team from ten to five, the number of plant managers and supervisers was cut drastically. "Previously there had been mass confusion as far as supervision was concerned. I am a great believer in one man having no more than one boss, so we cut out an entire level of supervision," Stillinger explains.

"In the original organisational set up, the man on the sander was not allowed to make the decision when to change the sandpaper, but who is in a better position to know than the man who operates the machine? Now each process operator has more responsibility and has to make decisions—there's no-one else to make them. Making the machine operator believe he is an important chap—and he is—has helped the overall morale of the plant."

Although Stillinger does not admit it, the opportunity of the cut in manning was also used to weed out the "troublemakers." The plant in its STP days was described by one who then knew it as highly political. The new management went through the employment list and blacklisted those it did not want. The criterion, as explained to the unions, was previous work record, but the management found little difficulty in picking the people it wanted; those identified as undesirable also had a history of poor performance and attendance.

The new manning level was so near the minimum needed to run the plant that absences had to be covered by voluntary overtime. It was important, therefore, to cut absenteeism, which had been running at 8-10 per cent under STP. Stillinger's solution was characteristic; he abolished the sickness scheme under which short absences were covered on full pay. Now the first three days away from work are unpaid, unless there is a doctors' certificate; the absenteeism rate last year was less than one per cent.

The blunt approach to industrial relations also extends to wage negotiations. Stillinger professes not to believe in the protracted haggle whereby the management starts with a ridiculously low offer and the unions with an equally ridiculous claim and the two sides converge over weeks and months.

When Caberboard's first annual pay negotiations came in January 1979, Stillinger offered five per cent—partly because he calculated that it was all the firm could afford and partly because he was under government pressure to abide by the Callaghan pay policy. He described it as his first and final offer, but the shop stewards did not believe him. There was a three-week strike.

Bison was again nervous, he says, but he sat it out. "For the first time in their lives the unions had to come back and accept what was offered to them in the first place."

Trust

The principle, Stillinger maintains, is integrity in negotiations. But this year's negotiations showed that it can be bent slightly. An initial offer of 12.5 per cent had to be sweetened to 15 as an inducement to the unions to agree a revision in the productivity scheme. But it was accepted without trouble.

Since the 1979 strike the plant has been dispute free. "I think we are over the bump now," Stillinger says, "trust has been restored between the management and the unions. We know that any time they want the unions can shut down the plant; they don't have to prove that any more. But we also have confidence that we have a good workforce that is going to try to make this place go."

The productivity scheme was another innovation in the plant and is worth a second look, since it is unusual and has been extremely successful. It is based on the fact that above a certain minimum production level extra output becomes progressively more profitable, since fixed costs are spread more widely. This relationship is plotted as a curve on a graph which is pinned up in the works canteen. The profit from extra production above the norm is simply divided equally between the workforce and the management, the employees' share being paid as a flatrate to everybody in the plant. Absence, for any cause except industrial injury, means a deduction from the productivity payment which is shared out among those still at work.

In its STP days the plant had averaged 400-500 cubic metres of chipboard a day. Before the productivity scheme was introduced in September 1978, Caberboard was averaging 530; in the first month of operation of the scheme output leapt to 625, the following month to 660 and in 1979 the average was 736.

The incentive payments are high. In January, despite a seasonal lull in production, the productivity bonus averaged £17 per worker per week.

Manning and productivity have been seen as just means to an overall end of keeping manufacturing costs as low as possible. Another part of this strategy is constant improvement and modernisation of the plant. When Caberboard began production £850,000 was spent modifying the already fairly new machinery inherited from STP in order to make it more efficient. A further £500,000 was spent in 1979; a similar amount will be spent this year. The money is internally generated and set aside on a replacement cost depreciation system.

The percentage of damaged or substandard board produced has been reduced from around 20 per cent in the days of STP to 6 per cent or less.

Stillinger believes that the company's production costs are competitive with any in Europe.

Caberboard made a pre-tax profit of around £250,000 in its first 11 months of operation and the figure for 1979 is likely to be twice that. The company is on the verge of adding a new production line for a product new to the UK, medium density fibre board, and there are long-term hopes for further expansion.

Stillinger now splits his time between the plant and the U.S. He has been accused by the unions of being an "absentee landlord," but the day-to-day management runs smoothly without him through a three-man team of Ron McDonald, the marketing manager, Klaus Kohler, production manager, and Alastair Harper, finance director. All three discuss the problems of the plant together.

"Under STP we had a wider management, but people did not get on so well," Harper remembers. "There was much less co-operation. Now we get to know everybody else's point of view and what is going on. We have the authority to take decisions and the workforce knows that we can decide things. If we need to get in touch with Bob, we can get him in minutes by phone or telex."

Big business joins the U.S. art circuit

BEFORE 250 guests at the American Federation of Arts in New York, Chesebrough-Pond's chairman, Ralph Ward, admitted he could have chosen to celebrate the giant company's centenary by recalling the company's good dividend record; and by looking forward to its continued growth and prosperity.

Instead, the centenary was celebrated with a cocktail party and the display of three paintings the company had commissioned for the occasion. Mr. Ward also introduced a 20-minute film that explained the paintings and the relation of their family theme to Chesebrough-Pond's business: cosmetics, health-care products and packaged foods.

Done by a local artist, the representational and rather sentimental works showed families picking strawberries, fishing from a bridge and sitting at a park bench. The film made the company sound almost like a synonym for "family," with its creams and salves and Vaseline.

After this reception for the Press and local celebrities, the show is touring the company's plants in America. Posters of the paintings will be given to employees.

The idea of these public relations extravaganzas was suggested by Chesebrough-Pond's art consultant of six years' standing, Judith Selkowitz. Previously she had supplied scores, if not hundreds, of paintings and prints to decorate offices and hallways in the company's headquarters in Greenwich, Connecticut.

The growing breed of art consultants is becoming more responsible for the image companies project into the world. The consultants see art not just as an investment—if indeed it is an investment at all, since their clients do not intend to resell the works. A more down-to-earth reason why the consultants shy away from the word "investment" is that they do not want to be held responsible for the buoyant and unpredictable art market.

Companies like Chesebrough-Pond's are willing to pay well for both the advice and the art. Judith Selkowitz charges $75 an hour for her services, and $35 an hour for each of her three assistants. As for the cost of the art itself, a number of consultants admit to having individual clients who spend a million dollars a year.

The growing awareness of the potential value of art to business has focussed particular attention on those highly esteemed collections already held by corporations. The best-known belongs to Chase Manhattan Bank in New York. Its chairman, David Rockefeller, started the collection in 1959 and was able, through his personal interest and influence, to keep the collection going despite initial misgivings within and outside the bank. Today, it has been valued at twice the price paid for the nearly 5,000 works now held.

Robert Dash (left) and Ralph E. Ward, president and chairman of Chesebrough-Pond, with two works commissioned from Dash by the company.

Chase, which is the only company to reveal the monetary value of its collection (currently $5.4m), benefitted from unique circumstances that can mislead other companies into thinking they will derive the same results from their high-minded, though not necessarily informed, foray into the art market.

Having started the collection so early, the bank saw its paintings rise in value with the general burgeoning of prices in art. Moreover, Rockefeller appointed a high-powered review committee, including museum directors and other notables, to put the collection together. Among the purchases was a mobile by Alexander Calder commissioned for $10,300 in 1959 which is now valued at $150,000.

Another example of a highly-regarded collection—also begun in 1959—belongs to Ciba-Geigy pharmaceuticals group. Its works have been lent for public shows; the company has produced catalogues on aspects of the collection, and it even arranged to become a member of the Museum of Modern Art so that employees could see more art at their leisure. Such corporate memberships have since spread to other companies and been a valuable source of contributions to museums.

To provide more information for their own benefit as well as the client's, a number of reputable consultants are in the process of putting together an organisation to be called the Association of Professional Art Advisers. Among other matters, it will provide guidance on forms of payment.

This is a recognised problem area among consultants, since commissions are sometimes collected from both customers and artists, a practice aptly known as "double dealing." Tamara Thomas, a West Coast consultant who is spearheading the Association, considers an hourly fee the safest form of payment, and prefers to have her customers pay artists direct for the works acquired. "It is hard to believe that business men who require careful contracts in other things allow their art collections to be decided by a friend of the last president's wife," she says of the need for professionalism.

Another leading consultant, Mary Lanier—who set up her own consultancy after curating the Chase collection for a number of years — believes that full disclosure is the best safeguard, whatever form of payment is decided upon.

Ms. Lanier has found that a guiding figure for what corporations find reasonable to spend on art is 0.5 per cent of their building budget, the same proportion that the Government sets aside for art in new projects. "That is usually too low, but it is a basis for making a budget," she claims, adding that she prefers to tell the client herself what it will cost to acquire the kind of collection he wants, rather than to be on the receiving end of the reverse process.

Even if corporations remain within the $5,000 limit that Tamara Thomas finds they are currently willing to spend on individual works, they and their consultants may help a new generation of artists to emerge from their garrets. If that does happen, American corporations will have really earned the accolades and appreciation that a good corporate art collection can already provide them in public relations terms.

Frank Lipsius

LOMBARD

Impressions of Cologne

BY MALCOLM RUTHERFORD

A BRITISH diplomat once told me that there were only three really distinguished Germans living in West Berlin. One was a newspaper proprietor, another was a conductor and the third I have forgotten, though he may have been a political scientist. "It makes life," said the diplomat, "so dreadfully provincial."

It is unknown to me how many distinguished Germans live in Cologne but, even if there are none at all, provincial life does seem quite *flourishing*.

Marx

Cologne has a population (about 800,000) midway between that of Sheffield and Birmingham, and many of the same commercial interests. Yet to arrive in Cologne from England is to enter a different world. This impression deepens with time. If there was a German recession in the 1970s—when, one was told, the purchase of consumer goods had reached saturation point—it has been overcome. Cologne has gone ahead with what must be about its third wave of rebuilding since the second world war. Its citizens are draped in suede or astrakhan.

It is true that the city is in many ways favoured by geography. It was a Roman town: it flourished in the Middle Ages when Thomas Aquinas and Duns Scotus taught at its schools; and it flourished again in the 19th century under the Prussians when, for a while, Karl Marx was a local newspaper editor. Practically everything that has ever happened in the field of communications, whether man-made or God-given, has been to Cologne's advantage, at least in times of peace. It is on the Rhine. It is on the great European trade routes, and the railways and the modern roads when they came only reinforced the point. (The awning over the main railway station, by the way, could do with reconstruction—next time round.)

But it is also true that Cologne is not especially chic by modern German standards. It is not Munich, Hamburg nor even Berlin. It is just utterly solid and utterly *bürgerlich*. So perhaps it always was.

The cathedral, which shares the infuriating habit of continental churches of dispensing any amount of tracts about the misery of the world and practically nothing about their own history, is an example. It is not the most pleasing cathedral in Europe, but it is certainly among the most striking.

The old church on the site was destroyed by fire in 1248, so the citizens set about building something bigger. They abandoned the attempt when the fashion turned against Gothic *circa* 1510. In the mid-19th century they began again where their forebears left off. The spires, which are the most notable feature, were completed only 100 years ago, apparently according to the original design. The British in the war took great pride in not bombing it; instead they hit the more beautiful smaller churches round about.

The cathedral is no longer encased in scaffolding or entrenched in excavations of the Roman remains. Externally it is perhaps uglier than ever. Yet the most astonishing development is the piazza. It is given over to some refinement of roller-skating and skate-boarding. The young people glide about and even skate up walls and down again in a silence in keeping with a cathedral precinct. The older people look on, though whether in admiration, horror or bewilderment is entirely unclear. It is like a modern version of an old German painting.

Traditions

What does this mean? You could say that Cologne is reverting to being a city-state; the old traditions of being on the trade routes are re-asserting themselves. While official Bonn worries about the state of the world (or at least the state of Europe), Cologne makes money. Yet what I do not think can be plausibly argued is that, if there are social limits to economic growth, they have yet been reached. In Cologne almost everyone is bürgerlich and appears to like it. Compare it to Sheffield or Birmingham.

It may also be of passing interest that prices in modern German cities now seem to be about 25 per cent lower than in London.

Unholy trinity of the media

FILM AND VIDEO

BY JOHN CHITTOCK

ALTHOUGH THE EARTH is divided into East, West and the Third World, it has other tribal encampments which also threaten economic and social instability. These are manifest in a variety of very unholy trinities. The most absurd comes as PAL, NTSC and SECAM, the initials of the three incompatible broadcast television systems which are respectively associated with non-French Europe, North America/Japan and France/Middle East. Non-geographical in its following is the much older but equally incompatible trinity of 35 mm, 16 mm and 8 mm film.

More recently in video-*cassettes* we have had another three—VHS, Betamax and VCR (the last about to be replaced by V2000)—each unique and all fighting it out like East, West and the Third World. And now with the latest innovation, video discs, another three vie for superiority — VLP, VHD and SelectaVision (although the French Thomson system, very similar to VLP, is strictly a fourth almost incompatible system). There is also a growing awareness of the gulf between broadcasting, the commercial cinema and sponsored films.

When I started writing this column about 17 years ago, it was all very much simpler. Mostly it was industrial films, with television out of sight on one flank and the commercial cinema out of mind on the other. Now the industrial film sponsors are using video, the broadcasters are supplying programmes for video and the cinema industry is being challenged by all.

For me, trying to make some sense of this and draw a perspective on the scene, the last few weeks typify the process of convergence now taking place. Video Arts, for example, recently previewed two of its latest industrial training films—*Cost, Profit and Break-Even* (a very elementary but lucid introduction to the parameters which govern whether you are going to be a millionaire or a bankrupt) and *When Will They Realise We're Living in the Twentieth Century?* (a welcome, overdue addition to the little material available on industrial relations).

The second film was scripted by television playwright Jack Rosenthal (but is of average success); BBC2 is currently transmitting another Video Arts series—the Milton Friedman economics epic, *Free to Choose*; and Antony Jay—chairman of Video Arts—is one of the creators behind the current TV series *Yes Minister*, the best sit-com we have seen for a long time.

Seventeen years ago, commercial training films were not even being made in Britain. Now these have created a thriving business, even adding a drop to ICI's annual profits through its film unit subsidiary, Millbank Films. The latest offerings from this accomplished outfit include two in a new series from Lloyd's Bank on the theme *Finance for Managers*. One, *Managing to Survive*, echoes the theme of the Video Arts cost and profit film but relates it exceedingly well to the hard realities of business (compulsory viewing for all young business students); the second, *The 5 "M"s*, brings four senior managers together for a discussion on money, margins and other financial parameters in business.

Films like these will be increasingly used by training officers on video-cassette players, leaving the 16mm projector in the cupboard, gathering dust. But just in case I am allowed to forget that there is still strong support for film; a recent Press release from Gordon Audio Visual provides a sharp reminder that Super 8mm film is a compact medium for point-of-sale displays. Gordon has supplied Marley Homecare and Dodge City with 40 Fairchild desk-top projectors on which customers can see short product demonstration films from Polycell, Swish, Fibreglass and many others. In the U.S. such point-of-sale films are claimed to have boosted sales by up to three times.

In all these activities, there is one common denominator: the programmes. And, of course, the people who make them. In 1963 the producers and directors rarely strayed beyond their own camp fires—indeed, didn't even know that there were other worlds beyond their own territory. Now with video, the hope of sponsored films on the UK's fourth television channel, and satellite relay of sponsored films in the U.S. commonplace, the whole media world is opening up.

Fresh and wider opportunities have opened up. Sponsors will soon have the means available to reach mass audiences (via home video) without the restrictions of national broadcasting laws or the commercial policies of cinema chains.

There remains, however, the problem of those eternal triangles. The world has come to terms with 35 mm, 16 mm and 8 mm, with each gauge offering clearly separate characteristics suited for different applications. The unhappy situation of PAL, NTSC and SECAM has been partly (yet expensively) resolved by the engineers with conversion equipment enabling, for example, British television viewers on PAL to watch American NTSC satellite transmissions.

With videocassettes and video discs, such compromises are unlikely. The rival systems are quite incompatible (although it has been suggested that video discs designed for electro-capacitance systems might be playable on optical systems).

More fuel was added to the flames last Thursday when Sony held the UK launch of its latest version of the Betamax videocassette recorder, the C7, restyled and refined to produce visual monitoring on fast wind (for quick programme searches), slow and fast motion replay, and "freeze" frame for still picture viewing. Mr. Akio Morita, Sony's chairman, flew in specially for the occasion.

In this business, however, the Japanese are in deadly competition with each other. The day before Sony's big event, Panasonic gave the rug a sharp pull by showing the Press its own new version of the rival VHS recorder — the NV-7000. Despite Sony's claim for the C7 as "the most advanced recorder in the world," Panasonic was demonstrating identical facilities on its machine the day before at what was described as the "world launch" — held in London at a select but hastily organised lunch gathering.

For the video industry, London is certainly becoming *the Mecca in this rather unholy war*. Next Monday it provides the venue for the 4th International Video Disc and Videogram Conference, where the three main competing video disc companies will each have speakers—Philips, JVC and RCA. It now seems likely (but nothing is ever certain in this business) that JVC and RCA will then provide the first UK public demonstrations of their players. As programme chairman of the conference, I hope to return to this spot in two weeks with a coherent account of the battle.

Going should help Northleach

RACING

BY DOMINIC WIGAN

WITH THE ground sure to be yielding at best for the opening of the Flat, any Lincoln ante-post backer bold enough to take a chance, not only with his horse but the draw, will do well to examine the soft-ground specialists.

There is little doubt that John Reid's mount, Smartset, who had been vying for favouritism, will not be able to produce his best on the expected ground.

Smartset, the shorthead conqueror of that luckless performer Greenhill God—who is now standing in South Africa—in the Cambridgeshire on firm ground, has failed to score in three seasons in soft or testing conditions.

While Smartset's prospects have been diminishing with every drop of rain on Town Moor the same cannot be said of the favourite, Northleach. Willie Carson's mount, who scored on six different tracks last season, achieved half those successes on dead or soft ground.

Another unlikely to be inconvenienced by the going on Saturday is Celestial Gem, formerly trained by Clive Brittain but now with Reg Hollinshead.

Celestial Gem, obtained by Hollinshead for a modest 5,600 guineas at the Newmarket autumn sales, seems sure to strip as fit as any, for his trainer has a happy knack of almost invariably having his team well forward. Celestial Gem is to be ridden by the 7 lb claimer N. Carlisle.

Steel Ruler, certain to have come on a good deal since his recent run at Sandown, is given a confident vote for this afternoon's Mundham Novices Hurdle at Fontwell.

FONTWELL

1.45—Bold Bess
2.15—Great Expectations**
2.45—Regent's Garden
3.15—Mynfadlak
3.45—Steel Ruler***
4.15—Dancing Brig

NOTTINGHAM

2.00—Flemish Giant
2.30—Rapallo
3.00—Percipient
4.0—Mr. Mellors*

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Lassie. 5.00 John Craven's Newsround. 5.05 Rentaghost. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide including Glamorous Grandmothers contest.
6.55 Droopy.
7.05 One More Time (London and South East only).
7.35 Life on Earth.
8.30 Time of My Life.
9.00 News.
9.25 "Rebecca" by Daphne Du Maurier.
10.20 Hollywood's Wild Angel.
11.10 Platform One: Len Murray, General Secretary of the TUC, in conversation.
11.40 Weather/Regional News.

All Regions as BBC 1 except as follows:—

Wales—10.38-10.58 am I Ysgolion. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Un Noson Dywyll. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.38-10.58 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 One More Time! (as London and South East). 10.20 Current Account. 10.50 A-Viking-We-Will-Go. 11.50 News and Weather for Scotland.

Northern Ireland — 10.38-10.58 am For Schools (Ulster in Focus.) 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Children and Their Music. 10.20 Spotlight on Northern Ireland affairs. 10.50 Hollywood's Wild Angel. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Quidnunc: Midlands (Birmingham) Spare Time Special; North (Leeds) Lifelines; North East (Newcastle) Looks Natural; North West (Manchester) Ready Eddie Go; South *(Southampton) All Change for . . . Reading*; South West (Plymouth) This Way Up; West (Bristol) Sports Show.

BBC 2

7.05-7.55 am Open University.
11.00 Play School (As BBC 1 3.55 pm).
4.50 pm Open University.
6.55 Who's A Clever Boy?
7.05 Mid-Evening News.
7.30 Europeans.
8.00 Change of Direction.
8.30 Writers and Places.
9.00 Not The Least Of Not The Nine O'Clock News.
9.25 Yesterday's Witness in America.
10.15 Lonnie Donegan and Friends with Rhythm on 2.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilda Alliance. 3.45 Three Little Words. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Leave It To Charlie.
9.00 Hollywood.
10.00 News.
10.30 "The Burglars" starring Omar Sharif and Jean-Paul Belmondo.
12.25 am Close: Personal choice with Leslie Crowther.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Bygones. 7.30 You're Only Young Twice. 10.30 Tuesday Late Film: "One Of Our Own." 12.15 am Anthology.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 *England, Their England*. 10.30 ATV Newsdesk. 10.35 The Clint Eastwood Star Movie: "Play Misty for Me."

BORDER

1.20 pm Border News. 5.15 Father, Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Luke's Kingdom. 11.30 Stars On Ice. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. 10.35 Feature Film: "Twinky." 12.15 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 6.00 North Tonight and Area Weather Forecast. 7.00 Fantasy Island. †10.30 Country Focus. 11.00 Reflections. 11.05 The Tuesday Thriller: "Trilogy of Terror." 12.25 am North Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This Is Your Night. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 10.30 Film of the Week: "The Triple Echo."

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers: Stephane Grappelli. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best in the West. †10.35 The Big Picture: "The Mind Benders."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Worzel Gummidge. 10.35 Sywyd. 11.20 World In Action. 11.50-12.20 am How's Your Father?

SCOTTISH

1.20 pm News and Road and Weather. 1.30 Salwyn. 5.15 Spring Song. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Father, Dear Father. 10.30 Late Call. 10.40 Midweek Movie: "The Strange Affair," starring Michael York and Susan George.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.30 Southern News Extra. 10.35 "Fear In the Night" starring Judy Geeson.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 How's Your Father? 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 11.15 North East News Headlines. 11.20 The God Boy. 12.45 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 England, Their England. 10.29 Ulster weather. 10.30 Feature Film: "The Twelve Chairs" starring Ron Moody. 12.15 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Feature Film: "Twinky" starring Charles Bronson and Susan George. 12.15 am Faith for Life. 12.20 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 The Big Picture: "Rider on the Rain" starring Charles Bronson.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast.
* Medium wave.

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Dave Lee Travis. 4.31 Kid Jensen. 7.00 Personal Call: 01-580 4411. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music (s). 6.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (s). 8.03 Derek Hobson (s). 8.02 Hubert Gregg says I Call It Genius: Busby Berkeley (2). 9.02 Glamorous Nights (s). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Holst (s). 10.00 The Trio-Sonata (s). 11.00 Schumann, Strauss and Britten song recital (s), including 11.25-11.30 Interval Reading. 12.25 pm Midday Concert part 1 (s). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert part 2 (s). 2.10 Cantatas and Sonatas of the German Baroque era (s). 3.00 Ronald Stevenson's Passacaglia for piano (s). 4.25 Jazz Today (s). 4.55 News. 5.00 Mainly for Pleasure (s) († and mono only from 5.20). 7.00 Saint-Saens (s). 7.30 Play Festival: "Buffet" by Rhys Adrian (s). 8.35 Aulis Sallinen (s). 9.00 The Mysteries (talk by David Buck). 9.20 Northern Sinfonia Orchestra (s). 10.20 Childhood's Pattern (s). 10.50 Music in Our Time (s). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Women *In Love* (S). 4.10 *Bookshelf*. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 A Touch of Thurber (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Chairs of Wales (S). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 5.00-5.00 am Join Radio 2.

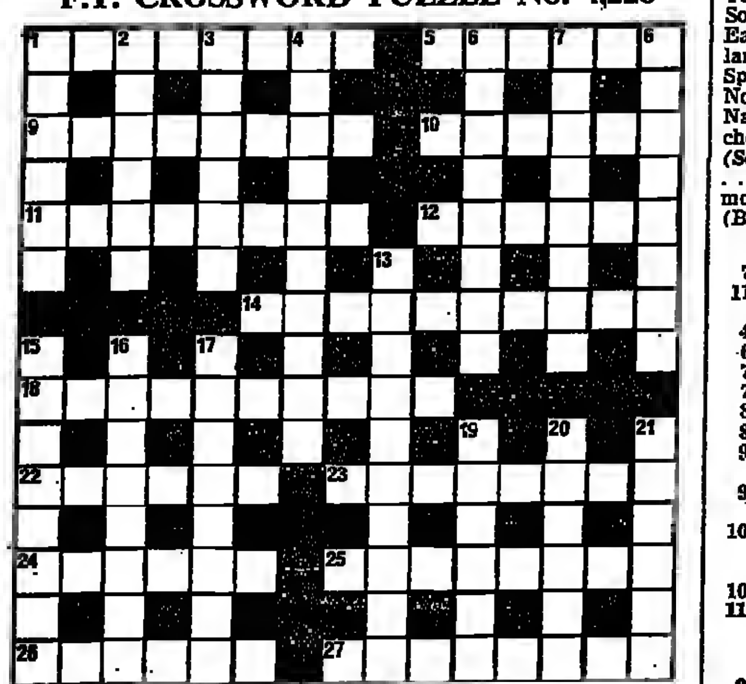
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Theirese Birch. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Tore Jefferies. 5.00 Morning Music.

Capital Radio

5.00 am Breakfast Show with Mike Smith (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,228



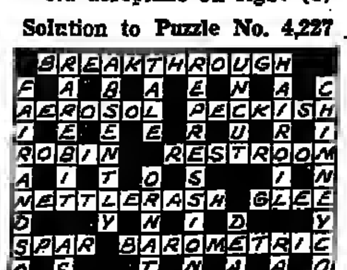
ACROSS

1 Because of being elected so often (8)
5 Back associated footballers' invasion in fear (6)
9 Cunning to embrace one last time with no noise (8)
10 Third class left in first century treatment centre (6)
11 Manage to stone vagabond (8)
12 Die from want of a vaster variety (6)
14 A member joining the French intends to have plenty of money (5, 5)
18 Snobbish party hostess on safari (4, 6)
22 Unhappy individual has way with torturer (6)
23 Beat invitation to join Socialists (8)
24 Odd turning out rough (6)
25 Mishap one would stress outside (8)
26 Day wrath is ridicule (6)
27 Annoying person born on barge (8)

DOWN

1 Elected of course to acquire a policy (6)
2 Sick of first-class fish (6)
3 Household troops grow old (6)
4 Remember to go round with a view to baby-sitting (4, 2, 4)
6 End of game taking up all the working day (4, 4)
7 Sailor without any marines has a beginner to get out of the way (8)
8 Iron clothes in fall (8)
13 Censor Tory writer (4, 6)
15 College day at beginning of November (3, 5)
16 Fear they may take to the bottle in winter (4, 4)
17 Charles regrets turning up with hunter (8)
19 Assessment of sailor (6)
20 Powerful drug with ten ingredients (6)
21 Result of bomb exploding old aeroplane on right (6)

Solution to Puzzle No. 4,227



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

ADELPHI. CC. S. 01-836 7611. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thurs. 3.00. One perf. Good Fri. 7.30. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Good seats avail. for most perfs. Now booking to Oct. 1980. Credit Card Hotline 836 7358.

ALBERY. S. From 9 am. 01-836 3878. CC. 379 6565. Group Bkgs. 836 3962. Evs. 7.45. Mat Thur & Sat 4.00. OLIVER. GEORGE LAYTON, HELEN SHAPIRO. CHILD FREE with each ADULT valid 16 years or under at time of purchase.

ALDWYCH. S. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY. THE GREEKS. Eves. 7.30. Mats. Thu. Sat. 2.00. Ton't Pt. 3. THE GODS (sold out). Tomor. Pt. 1 THE WAR (sold out). RSC also at The Warehouse and at Piccadilly Theatre.

AMBASSADORS. S. CC. 01-836 1171. Mon.-Fri. 8.00. Saturday, 5.00 & 8.00. EMLYN WILLIAMS as Dylan Thomas GROWING UP.

APOLLO THEATRE. CC. S. 01-437 2665. Group sales 379 6061. Evs. 8. Mat. Thur 3. Sat 5.30 and 8.30. TIMOTHY WEST as BEECHAM by Caryl Brahms and Ned Sherrin. Directed by Patrick Garland.

ARTS THEATRE. 01-836 2132. Tom Stoppard's Dirty Linen. Mon.-Thurs. 8.30. Fri. & Sat. 7.00 & 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. Plus 15p temp-memb. Special terms for parties.

ASTORIA. CC. S. 01-734 4291. 01-439 8031. 01-734 4369. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI. 5th GREAT YEAR. Lowest Priced Musical in the West End. Seats £2, £3, £4, £5. Reduced Rate Group Bookings 01-839 3092 (special offers).

BOULEVARD TH. at the Raymond Revuebar, Walkers Court, Brewer Street. CC. Tel. 01-437 2661. PAUL RAYMOND PRESENTS America's Sex Queen Live on Stage. MARILYN CHAMBERS. Must end April 5 prior to American tour. Twice Nightly Mon-Sat. 8.0 and 10.0 pm.

CAMBRIDGE. 01-836 6056. Credit cards accepted 01-836 7040. Mon. to Fri. 8.00 Thurs. 3.00 Sat. 5.00 & 8.30. THE HIT BROADWAY MUSICAL. VOTED BEST MUSICAL OF THE YEAR CHICAGO. ELIZABETH SEAL, JENNY LOGAN, COLIN BENNETT, DON FELLOWS, HOPE JACKMAN, G. LYONS. Reduced prices for parties. 379 6061. 836 6056. Students, Nurses, OAP standby £1.50.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 8.00. Mat. Fri. and Sat. 5.30. THE ROCKY HORROR SHOW. Group Sales Box Office 01-379 6061.

CRITERION. 930 3216. CC. Bookings 379 6565. Group bkgs. 836 3962. Evgs. 8.00. Sats. 5.30 and 8.30. Thurs. Mat. 3.00. PRICES: MON-THUR £2, £3, £4. NEIL SIMON'S LAST OF THE RED HOT LOVERS.

DUKE OF YORK'S. CC. 836 5122. GLENDA JACKSON ROSE. A new play by Andrew Davies. Evgs. 8.00. Mats. Wed. 3.00. Sats. 5.00.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mat. Wed. 3.00. Sat. 6.00 and 8.10. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Evenings 8.00. Mats. Sat. 2.30. PRIVATE LIVES by NOEL COWARD. MARIA AITKEN "Irrestible," E. News. MICHAEL JAYSTON "Immaculate." Gdn. "JENNY QUAYLE and IAN COLLIER are excellent." E. Stan. "An enchanting evening." E. News.

HAYMARKET THEATRE. CC. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30. Sat. 4.30 and 8.00. DOROTHY TUTIN, DONALD PLEASENCE REFLECTIONS. A new play by John Peacock.

HER MAJESTY'S THEATRE. 930 6606. Opens tomorrow at 7.0. Keith Michell, Julia McKenzie, Mark Wynter, Ann Beach in The Award Winning Broadway Musical ON THE 20th CENTURY. Red. price prev tonight at 8.0. Subs Evgs 8.0. Matinees Weds. S. Sats. 4.

JEANNETTA COCHRANE TH. CHARLIE DRAKE in UBU by Spike Milligan. Directed by Charles Marowitz. Mon-Fri. 8. Sats 5 & 8.30. Bkgs 242 7040. Half Price prevs 27, 28, 29 Mar. Opens 31 Mar at 7.

KINGS HEAD. 01-226 1916. Dnr. 7. Show 8 CATCHPENNY TWIST by Stewart Parker. No perfs. Ton't & Tomor. Extra perf. this Sunday.

LYRIC, HAMMERSMITH. 01-741 2311. West End Box Office 836 4207. Opens Ton't. at 7. Tomor. & Fri. 7.30, Sat. 5 & 8.15. Subs. Eves 7.30. Thur. Mat. 2.30. Sat. 5 & 8.15. MAKE AND BREAK by Michael Frayn, with Leonard Rossiter & Prunella Scales.
LYRIC STUDIO: From Ton't at 7. Subs. Eves. 8. Sat. 8.30 FOCO NOVO Woyzeck by George Büchner. Director Neil Johnston. Cast includes Karl Johnson & Gwyneth Strong.
Late Night Show: THE NAPPY HOUR Jonathan Adams & His Orchestra. 20-22 & 26-29 Mar., Eves 10.15. Sats. 10.45.

LYRIC THEATRE. CC 01-437 3686. Group Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in MIDDLE AGED SPREAD. COMEDY OF THE YEAR, WEST END THEATRE AWARDS.

MAY FAIR. S. CC. 01-629 3036. Mon.-Th. 8.0. Fri., Sat. 6.0, 8.45. SUSANNAH YORK, DANIEL MASSEY, DONALD PICKERING, FRANCIS WHITE in APPEARANCES by Simon Benmusa, after Henry James.

NATIONAL THEATRE. 'S' cc 928 2252.
OLIVIER (open stage). Ton't., Tomor. 7.30 (low price prevs.). OTHELLO by Shakespeare.
LYTTELTON (proscenium stage): Ton't. 7.45. Tomor. 3.00 & 7.45 WHEN WE ARE MARRIED by J. B. Priestley. (Note: Death of a Salesman replaces Thee and Me Mar. 27 & 29).
COTTESLOE (small auditorium all tkts. £3. Student Standby £1.20): Mon. to Sat. 5.30 THE ICEMAN COMETH. Eugene O'Neill's epic masterpiece (lasts 5 hrs. incl. 30-min. food break).
Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052.

OLD VIC. 928 7616. Nimrod Theatre of Australia production THE CLUB by David Williamson. "Riotous mickey-take of life in Brian Cloughland Down Under." Ev. News. March 4-April 12. Evgs. 7.30. Sat. Mat. 2.30.

YOUNG VIC STUDIO. 928 6363. Ton't 7.45. THE IMPORTANCE OF BEING IRISH.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1 Apocalypse Now (X). Wk. & Sun. 1.15, 4.30, 7.55. 70 mm Dolby stereo. 2 The Onion Field (X). Wk. & Sun. 2.00, 5.00, 8.00.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527.
1: APOCALYPSE NOW (X). A 70 mm Dolby Stereo presentation. Progs. 4.30. 7.40.
2: Dudley Moore "10" (X). Progs. 1.00 (not Sun.) 3.05, 5.40, 8.15.
3: THE MAGICIAN OF LUBLIN (X). Progs. 12.55 (not Sun.), 2.50, 5.35, 8.15.

ART GALLERIES

HAMILTONS. 13, Carlos Place, nr. Grosvenor Square, W1. 499 9493-4. Oil Paintings by GINO HOLLANDER. Throughout March. Open Mon.-Fri. 9.30-5.30. Saturday 10.00-1.00.

An Exhibition of MARINE PAINTINGS & COASTAL SCENES at BAILIWICK GALLERIES, St. Peter Port, Guernsey, Channel Islands. From Tuesday March 25th till Saturday March 29th.

FIELDBORNE, 63, Queens Grove, St. Johns Wood. 586 3600. TWO CORNISH ARTISTS. Barbara Tribe & Geoff Ogden.

JPL FINE ARTS. 24 Davies St., London, W1. 01-493 2630. EDOUARD VUILLARD 1864-1940. Drawings, Watercolours and Pastels. March 19-May 2. Mon.-Fri. 10-6.

Covent Garden

MacMillan's Gloria

by CLEMENT CRISP

Looking at *Gloria* again on Saturday afternoon, when MacMillan's new ballet had its second performance, I found my initial impressions about its choreographic and emotional power confirmed. The poem from Vera Brittain's *Testament of Youth*, which is given as a programme note, provides a starting point for our understanding, as for MacMillan's creativity, but it is unwise to seek too literal a meaning for the piece. It is a meditation upon death's harvest in the First World War, with the musical—but certainly not the doctrinal—matter of Poulenc's Gloria providing the direct impulse for the choreography. There are certain inevitable correspondences to be noted, though not stressed, between words and danced action (as at the *suscipe deprecationem nostram*, where movement has the same piercing appeal as the choral statement of the prayer), but it is the choreographic images through which MacMillan unites his score and his theme that catch and hold the imagination.

Andy Klunder's austere, evocative setting places the ballet at the world's edge, and MacMillan makes tremendous emotional and theatrical capital from the sense that his cast of ghostly soldiers and their womenfolk return for a brief span from nothingness. As they re-live earthly joys and earthly suffering, the men are sometimes placed like troops on guard, gazing out over the unfathomable reaches from which they have come. During the masterly duet for Jennifer Penney and Julian Hosking, five men lie like sleepers, or corpses, as a terrible counterpoint to the lyrical line of the pas de deux.

A brief, heart-shattering moment comes when, as the cast finally return to their rest, one soldier (I think it is Anthony Dowson) looks back as if to recall for a last time what the world has meant. And here there seems a clue to *Gloria*'s larger implications, not just as portrait of the immediate victims of the war, but as a paradigm of war's emotional resonance for its survivors, and for later generations.

Yet if *Gloria* is an example of dance's power to express, and stimulate, feeling, it is no less an example of a choreographer working at full and superlative stretch as a maker of dance itself. The language owes something to *Requiem*; it also shows MacMillan moving forward from the elegant innovations of *La Fin du Jour* to find a darker palette of movement, of exceptional richness in metaphor, which can in one brief section encompass the grief of women mourning over a corpse in a *pietà*-like group, and the comradeship of men in battle.

The joyous outbursts of the score are matched in the happy, sportive writing for the exemplary Wendy Ellis and her three partners (Dowson, Ross MacGibbon, Ashley Page); Wayne Eagling makes a brutal entrance rolling down the incline of the set as if blasted by a shell, and the unease, the anger that mark his suffering are implicit in his movement throughout an arduously written and wonderfully danced role that is the embodiment of Housman's "Life, to be sure, is nothing much to lose; but young men think it is, as we were young."

For Jennifer Penney as the central female figure there cannot be praise enough: I do not think I have seen her dance better. Her beautiful line, her always easy technical command, are here infused with a radiant simplicity and inevitability. In dancing absolutely pure, she conveys exactly the extent of the sorrow at irreparable loss that speaks from Vera Britain's poem.

Gloria is a daring work, in image and execution. A lesser talent might fail to persuade us of the union possible between score and theme, and of the haunting power of the work of art that could result from such a union. MacMillan triumphantly succeeds.

Coliseum

Ballet Gala

Like children on November 5, gala audiences expect fireworks. If, at Sunday night's charity performance in aid of the Jacqueline du Pré Research Fund, one of the big set-pieces failed to go off—Makarova was ill, and her appearance with Anthony Dowell was cancelled—there were still interpretations to light up the sky. Gratifyingly, one of these came from the host of the evening, Festival Ballet, whose artists roared through *Etudes* like a company of fire-crackers, with the conductor Terence Kern and his percussionists goading the dancers and Riisager's jolly score briskly along.

The evening had begun on a somewhat flat note with *Dvorak Variations*, led by Elisabetta Terabust and Patrice Bart: it was the presence of Matz Skoog, a young Swedish recruit to Festival, which most caught the eye. Here, and in *Etudes*, he demonstrated clean, distinguished schooling and fine ballon; there is an elasticity and freedom to his dancing that is very pleasing.

The statutory meat in the sandwich came with the divertissement middle to the programme. I do not think that the second act *adage from Giselle* is ideal gala fare, and Manola Asensio's view of the wili would clearly benefit from a setting other than black curtains. Michael Denard, *étoile* of the Opera, is a grand Albrecht, as I have reported from Paris, but he too was a *victim of the unhelpful* surroundings. Much more to the festive point was MacMillan's *Sideshow*, in which Lesley Collier and Peter Schaufuss rampaged, stole each other's thunder, and hid great technical resource under their foolery. Collier's high-stepping diagonal on point, taken prestissimo; Schaufuss crashing from a double tour into a frustrated muddle on the ground, were example of difficulties delightfully mocked.

Patrician Ruanne and Jay Jolley appeared in the entrée to the third act pas de deux from *Sleeping Beauty*, and then Zizi Jeanmaire and Denys Ganio were there to show us the last duet from Petit's *La Chauve Souris*. I wrote about its Monte Carlo première last summer, and about the magic of Jeanmaire, and of Ganio. On Sunday night the magic was as potent as ever. Of course it is Jeanmaire's ballet, though Ganio is magnificent in it; but her wit, beauty, radiant femininity, and those ravishing legs, must steal every heart. She is a star, utterly *mistress of her art as of her* audience, the embodiment of chic and the most intoxicating traditions of the French theatre. She is Zizi, and irresistible. It is more than time that she came back to London.

Impossible to follow such an artist, as Leonid and Valentina Kozlov must have been aware. These most recent émigrés from the Bolshoi Ballet might have chosen better than the *Don Quixote* pas de deux in a coarse, indulgent version for their London début.

That they are able to perform various technical tricks was clear. That they are artists we must hope to see at some later date, when they are shown in a ballet rather than a spin-dryer.

Tricks and some art combined in the final *Etudes*, in which Eva Evdokimova, Peter Schaufuss and Patrice Bart unleashed prodigies of pirouettes and leaps — a fascinating contrast between the Copenhagen and Paris schooling of the men—and Festival's dancers flung themselves heart and soul into yet another ballet class on their one free day of the week. They deserved all our gratitude and applause.

CLEMENT CRISP

Royal Academy of Arts

Ruskin Spear by ROY STRONG

Ruskin Spear unconsciously fulfils everybody's idea of what an artist ought to look like, at least that is until Hockney updated the image. A large, ebullient, untidy, explosive bundle with an affectionate twinkle in his eye and, judging from the number of pub scenes, a glass perpetually in his hand. In short, if one may use that old fashioned word, a Bohemian. One glance at him and one senses a visual hot line taking one back to the rough and tumble life of the Romantic artist as distilled by Murger in his Scène de la Vie de Bohème. What is more to the point, Spear is a very good painter, one whose qualities are far less widely recognised than they should be. How splendid that the Royal Academy has sensibly not lost the thread in the midst of its necessary preoccupation with show business and put on the first retrospective of this distinguished Academician. Hugh Casson strikes exactly the right note in his preface when he tells us that the show will provide "a new and rewarding experience to those who have not previously perhaps considered his work as carefully as it assuredly deserves."

Ruskin Spear includes a pert autobiography which is well worth reading. I wish that it had been longer than the half column it occupies. When he gets out of hand it provides a laugh a line. 1914-18 "Father collected pieces of shrapnel which later discouraged any interest in contemporary sculpture" (farewell Giacometti!); 1934-35 "the principal, interested in palmistry read my hand, deciding it was promising offered me four days per week": down to 1980 where he lists his present occupations as "Painting, Breathing, Drinking. Ars Longa Vita Brevis." Yes, painting first which says everything. There is no gimmick about Spear and his art is as British as the pubs and cafes he so lovingly depicts.

The roots of his style are there for everyone to see. *In the parlour*, painted when he was twenty-one, in which a man stands by the fire place in a cluttered sitting room, is pure Vuillard. The subject matter of these paintings from the 30s and 40s is post-impressionist, domestic and quiet in their colour range; and still life and fish, a woman ironing, a snow scene, a letter being written, a mother with her child. His palette is subdued, smudgy and the influence of Sickert is omnipresent. There are among them a number of items from the War when he surprisingly did graphics for a beleaguered *Vogue*. A drawing entitled *The Cultural Life of the Country must go on (Ministry of Information slogan)* sums up the era. Here Spear is doing a Rex Whistler, a piece of whimsy that includes an artist in the distance painting away at an easel from the top of which flutters a Union Jack. I wouldn't have thought that he was a natural for *Vogue* but as none of his work for it is included it is difficult to say. *Haute Couture in 1954* is a post-war indictment of it all. A row of crones, chicly dressed with sagging over cosmeticised faces peering up at a strutting *manequin in a smart suit* and pill-box hat epitomise the London Incorporated Society of Fashion Designers at his apogee before Quant and Carnaby Street killed it all off in the 60s.

But Spear's real world is his beloved Hammersmith with those streets and pubs. He paints ordinary people so very well. He doesn't patronise or caricature them. He sees the bewildered tragedy of the less intelligent whose fate it so often is never to move from the bottom of the heap. They look tired, they are over-weight and shapeless, they are glad to sit down because their feet hurt and they stare out at us blankly with an aura of resignation.

The catalogue is irritatingly uninformative. I assume No. 41 *Catching the Train* is Princess Margaret and the *White Hot* is Princess Anne, but no one says so. Ruskin Spear is nothing if not a first class painter. It is all too easy in fact to miss one of the best, his one self portrait in the entrance hall of the Academy, which should be snapped up by the National Portrait Gallery. If he had taken the path of portraiture alone he could have become one of the great establishment portrait painters of the era.

One senses as his portraiture moves towards comment and caricature a deliberate rejection of that role. His best portraits date from the 60s, those of A. P. Herbert, Carol Weight, Robert Darwin and Rodney Burn, are works of real distinction. They are controlled and classic and stand out in sharp contrast to what followed when a stridency of colour and wicked wit entered in. *True Blue* is Mrs. Thatcher in every shade of that colour, her head rearing backwards like a stag at bay. *Brightly Shone the Moon that Night* is Edward Heath, his expansive silhouette vibrating in a frenzy as he wields a baton at a carol concert. *Mrs. Barbara Castle at the Royal Academy Banquet* captures a tough jutty chin and lower lip, her eyes glazed with boredom, thinking no doubt of a diabolical diary entry on how dreadful the food was and how bad the speeches. Few of these late portraits are kind. They seem more concerned with a slant and a comment than with trying to tackle the enigma of the person. This applies even to his vision of John Betjeman, an idyll out of *Three Men in a Boat*, in which he places the Poet Laureate in a straw boater like a walrus afloat in a boat which he is clearly incapable of rowing.

Robert Darwin always had a stroke of genius in getting the right people in to teach at the Royal College after the last war. That was back in the palmy days when the boss could actually fire people. And what a galaxy he brought in and with what spectacular results for the visual arts in this country. Out of Ruskin Spear sprang a generation that was to make British painting of international significance in the 60s. We are still too close to it to understand how very naturally his work could lead on to others. Robert Buhler's perceptive appreciation would have been greatly helped if one or two of Spear's now famous students had expressed in words their debt to this greatly loved painter whose proudest boast must be that his work is truly "Made in Britain."

True Blue, by Ruskin Spear

ICA

Denis Smalley by PAUL DRIVER

With a single-mindedness and crusading rigour shared by few composers, Denis Smalley is prepared to forego the human aspect of performance, having but grudgingly admitted instrumentalists into his exclusively electro-acoustic body of works since 1972. On Sunday evening as the penultimate *Musica* concert, Smalley (a New Zealander, born 1946) presented a "retrospective" of five major items from his modest but highly self-disciplined output. Their purity of realisation and purpose, their relentless questioning (additionally evidenced by elaborate, combative programme note) of available technical resources and ideal standards brought to mind more urgently than ever—precisely because such gifts were being lavished—the aesthetic problems of the medium.

Gradual (1974) is a frenzied virtuoso dialogue between clarinet (doubling bass clarinet and trombone—blown with a clarinet mouthpiece) and a tape part which frequently provokes and mimics but is not in fact significantly derived from it. *Cornucopia* (1973) overlays live horn sounds with their multiplied equivalents on tape, building up a "dense moving web." Each of these "mixed" pieces (superbly executed by Roger Heaton and James Macdonald respectively, with the composer at the controls) marked a fruitful, quasi-theatrical extension of instrumental technique (paralleling some of Ferneyhough's perhaps?): the variety of sounds was of course phenomenal; with amplification, fingering and fidgetting could be audibly utilised—*Gradual* indeed set out explicitly to "refine the junk-yard of clarinet sounds." However, both works—and the other three—had a rather too conventional classical shape which pushed against the radically new content, as also against the radical concept of musical time a tape with its inexorability introduces into a live performance.

Following directly from the sounds of *Gradual* and *Cornucopia*, but now dispensing with the "mixed" format ("The blood can only be squeezed so far out of an instrument") are tape "canvasses" *Pentes* (1974), *Ouroboros* (1975) and *Darkness after time's colours* (1976). Surprisingly it was the later two that came over as the familiar kinds of electronic landscapes: listening to them in the darkened hall evoked a visit to the planetarium. *Pentes* had more to offer: tremendous revvings up and down—the "slopes" of the title—and the eventual disclosure of pretty Northumbrian pipe-sounds out of which the piece has been made. The satisfaction of that gesture, though—and it occurred in other items—was intellectual rather than aural. When a medium has total possibility, when anything can be turned into anything, the results tend infuriatingly to be the opposite of sophisticated. "Total aerialism," with which the development of electronic music went hand in hand, had the same problems.

The breakthrough remains to be made in this sphere. At present audiences have no real criteria by which to evaluate what they sit through. More than usually we must rely on the composer's antennae to guide him and us. Only he and his technicians have the measure of the music. As Smalley admits in his note: "I can find little to say which might enlighten a listener—my preoccupations were different from his." Soon maybe, in a bold imaginative leap, somebody will produce an electronic composition that makes meaningful integrations dependent neither on classical music's paradigms nor upon the capacity for onomatopoeia and which will resolve the performance-problem too. If his confidence continues to propel him unswervingly, that somebody may yet be Smalley.

Elizabeth Hall

Ruggiero Ricci

by RICHARD JOSEPH

Unaccompanied violin recitals are rare events; rarer still that on Sunday night at the Elizabeth Hall Ruggiero Ricci programmed none of Bach's solo music for his recital, though he got around to playing some of it for his third encore.

The programme was cleverly divided between edification in the first half (featuring a couple of large-scale 20th-century works by Schurmann and Bartok) and entertainment (in the form of party pieces mainly by violin virtuosi) in the second. But the virtues of Ricci's art are such that both qualities were freely mixed. His tone remains consistently silken, with a warm, veiled quality that smoothly avoids the higher harmonies of the instrument except when they're called for. The broad and even bowing, leaning more towards the fingerboard than the bridge, never forces or strains for effect. The ebullient, gutsy playing favoured by the younger generation of virtuosi is never in evidence and, frankly, it is not missed.

Gerard Schurmann's Serenade, which prefaced the more dramatic Bartok Sonata in the first half, is a collection of nine simply characterised short movements, written in a Romantic atonal style — which is to say that it sounds a bit like Berg. Ricci's performance was respectful, taking on a specific character in the penultimate movement, a broad Tranquillo that began with muted low double trills and gradually took flight up to some high E string harmonics.

In the Bartok Ricci suavely avoided the gypsy fiddler approach to the work, though this meant that the rhythmic backbone of the music was softened. His very personal, gentle treatment of the Adagio and the extraordinary muted, nervous tone colour of the passages in parallel fifths in the finale compensated for a slightly too loose treatment of the text in the first two movements.

With the exception of a charming, loony Etude Caracteristique by Edward Elgar—a skittish study in martellato and bounced bowing—the composers Ricci played after the interval were well known violin virtuosi. The quality of musical invention was variable, but the level of prestidigitation rose from work to work. Most enjoyable were the unforced fullness of Ricci's G string and low double stopping in Wieniawski's Caprice "La Cadenza," the pizzicato melody surrounded by bowed arpeggios in Wilhelm Ernst's Etude on "The Last Rose of Summer" and the remarkable fleetness and panache of the left hand pizzicati in Paganini's delightful variations on "God Save the King."

Festival Hall

Brendel/Schumann

Alfred Brendel expounded three of Schumann's major piano works (assuming that the *Kinderscenen* surely qualifies), searchingly and with intense sobriety on Sunday. Of none of these works did he take a conventional view. Sentiment, for example, in the *Kinderscenen* was reduced to vanishing point, and Brendel's rubato was strictly controlled. These were at most adult thoughts about children, from a safe distance—nothing playful, let alone wistful or winsome. In its own terms it was a moving performance, suggestive of sonorous depths and acutely attentive to the structures of these little pieces. The epilogue, "Der Dichter spricht," was not a matter of tender reflections, but a measured summing-up.

Everywhere there was an effect of hard-edged delineation, partly because Brendel chose to set almost every tune in very sharp relief. He is the last pianist to sacrifice inner parts, of course, but in *Kreisleriana* especially they were set a long way under the melodic line, even when the line itself emerges from brilliant figurations, the first and seventh *Kreisleriana* pieces were prominent cases in point: in the first, in fact, the principal and middle sections were disconcertingly contrasted because their common figurative basis was so suppressed. Though the work is dedicated to Chopin, Brendel indulged few of its Romantic pianistic effects, and until the last piece he preferred to sustain an almost continuous organ-texture with the pedal: one might have been hearing a transcription. The slowest pieces enjoyed his gentlest playing of the afternoon, broad and gravely introspective.

Carnaval, which came in the middle, was not so stern. There was plenty of fantasy, if in darker hues than usual, and much brilliance—in near *étude* terms, "Reconnaissance" was marvellously, glintingly clear. There were hefty surges of vitality; the more flirtatious numbers were inclined to be straight-faced, and the ladies' sketches — "Coquette," "Chiarina," "Estrella"—were solid and virile. Skittish asides—Pierrot's loud grumbles, Arlequin's treble leaps—tended to be incorporated smoothly into the main stream. *Carnaval* can sound like a witty collage, full of surprises and volatile gaiety; Brendel made it something like an imposing canvas in oils, rather grandly organised, one's attention firmly directed toward this and that striking feature. He is the sort of guide who doesn't let one linger upon irrelevancies.

DAVID MURRAY

Festival Hall

Philharmonia

Along the perilous road from pianist to conductor Vladimir Ashkenazy has travelled more swiftly and more proficiently than almost any of his predecessors. On Sunday night he appeared at the Festival Hall with the Philharmonia Orchestra entirely *sans* piano in a rather strangely confected programme of Sibelius and Rakhmaninov. There can be few less compatible symphonic pairings in the repertoire than Sibelius's fourth and Rakhmaninov's second; fewer *still of symphonies* written within three years of each other.

Ashkenazy preceded the fourth with an appropriately vulgar, entirely effective *Finlandia*, the Philharmonia's brass in its most brazen form; a rousing opening to a concert, but a strange way to prepare for what is the most mysterious of 20th-century symphonies. He has embarked on a cycle of Sibelius for Decca; the final test of his quality will come when he conducts the sixth and seventh, but in the meanwhile the fourth is a stern enough testing ground. It was by and large a successful performance, of many lingering moments: finely sculpted string lines, precisely chorded brass (the *Parsifal*-like figure in the first movement brought back most eloquently), and above all, patiently observed thematic growth; too patient, perhaps, in the Largo which rather fell apart, a little routine-like in the finale.

After such concentrated fare Rakhmaninov seemed too discursive. Ashkenazy almost sustained interest through the first movement, but lost me in the recapitulation; the scherzo went as swimmingly as it always will with an efficient orchestra (the Philharmonia is playing exceptionally well at the moment) and a conductor who knows his stuff. In an ideal world the clarinet in the slow movement should have more honeyed tone and phrasing than John McCaw's: a small point in an otherwise sustained reading. The finale contrived much excitement: the audience found it infinitely more enjoyable than they did the Sibelius.

ANDREW CLEMENTS

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New problems for Germany

EUROPEAN Governments can only welcome President Carter's brave anti-inflation package, announced at the eud of last week. But for the West Germans it will also have repercussions which may well add to the complexity of managing their own, historically unfamiliar economic difficultiea.

The symptoms of these difficultiea have multiplied in recent weeks. In contrast with the traditional policy of trying to prevent the evolution of the D-mark into an international reaerve currency, the Government has quite suddenly started trying to encourage capital imports, first by raising official interests rates, second by relaxing the curbs on sales of fixed-interest securitiea to foreigners, and third by considering a large (possibly DM 10bn) loan direct from members of the Organisation of Oil Producing Countries.

Reversal

What haa caused this reversal of policy has been the sharp deterioration of Germany's current account balance of payments. For as long as most people can remember, Germany's main economic problems have *been those of success:* constant upward pressure on the D-Mark and speculative flows into Frankfurt, as a result of low ioflation, high productivity, and large and continuous trade surpluses. Productivity growth has declined fairly steadily over the years, to around 3 per cent during 1974-79, aod inflation nf 5 per cent, though mucb more satisfactory than the British rate, is also considerably higher than the Germans are comfortable with. But the dramatic change has been in the turn around in the current account of the halance of payments, which registered a deficit of DM 9bn last year—the first such deficit for 15 years—and which is expected to show an even bigger deficit of around DM 20bo this year.

The root cause of this reversal is, of course, last year's steep escalation in the price of oil. After the 1973-74 oil price increase, the Cermans surprised everyone, including themselves, by the apparently effortless way in which they managed to finance the additional oil import bill by expanding their exports. This time round things have been much more difficult, since the world economy is considerably less huoyant and the developing countries have not heen able to make so large a contribution to sustaining the volume of world trade.

As in other countries, the oil price increase has had an inflationary impact inside Germany, and the current account deficit has contributed to a relative weakening of the D-Mark, which further empbasises the inflationary impact of rising prices for other forms of imports. At the same time, the weakening of the D-Mark has been compounded hy the strength of the dollar, which has led to a consequent outflow on capital account which Karl Otto Poehl, president of the Bundeshank, has forecast could reach over DM 10bn this year.

Given the very substantial size of the Bundesbank's foreign exchange reserves, there is no doubt that Germany could finance such a deficit for a short period. The problem is that the deficit may not be a temporary phenomenon. The prospects of a sluggish world economy for some time to come do not offer propitious circumstances for rapid growth in exports, and while Germany's own slow growth, estimated at around 2 per cent for this, may make it posaihle to hold the volume of oil imports at last year's level, there ia no guarantee that the price of oil will not continue to rise in real terms, even if it does not do so at the hectic pace wbich characterised 1979.

Dangers

The questioo that arises, therefore, is whether the measures which have been announced (the loan from OPEC) will be enough by themselves to attract a capital flow which will both finance the current account deficit and stabilise the D-mark. This question becomes doubly delicate in the light of President Carter's anti-inflatioo measures, especially if they were to have the effect of further strengthening the dollar and thus reducing the attractions of the D-mark as an investment currency. The Bundesbank president has warned of the dangers of an International interest rate war. Chancellor Schmidt can certainly have no desire to take part in such a war in election year, but it may not he all that easy for either of them to solve the present dilemma.

Those who earn their poverty

IN THESE days of slightly open government, there is a chance for at least covert debate nf policy issues before they are finally hardened into Budget decisions. One such debate bas broken out In the Conservative party over the proposed treatment of low-income families—"Those who earn their poverty," in a telling phrase coined in 1977 by the present Secretary of State for Social Services, Mr. Patrick Jenkin. A group of Conservative back-benchers is campaigning for a full restoration of the real value of child benefits, as a minimum objective. This is an issue of fundamental importancc in the restoration nf incentives.

Support

Child benefit haa in the past been powerfully supported by the Conservatives, for the excellent reason that it relieves poverty at the point of greatest need without in any way affecting work incentives. In bis speech in 1977, expressing unreserved Conservative support for a full child benefit scheme, Mr. Jenkin argued that the scheme was "the way to restore the position of families, the best way to ease the poverty trap, the best way to assist the poorest families in work, the best way to reduce the nonaense of people being better off out of work, and the best way uf reducing the dependence of families on means-tested henefits." In the previous year, the Conservatives attacked the Labour government savagely for delaying the introduction of child benefit aa part of its programme of economies, and Ministers have repeated the Conservative commitment much more recently. These arguments are as sound aa ever they were.

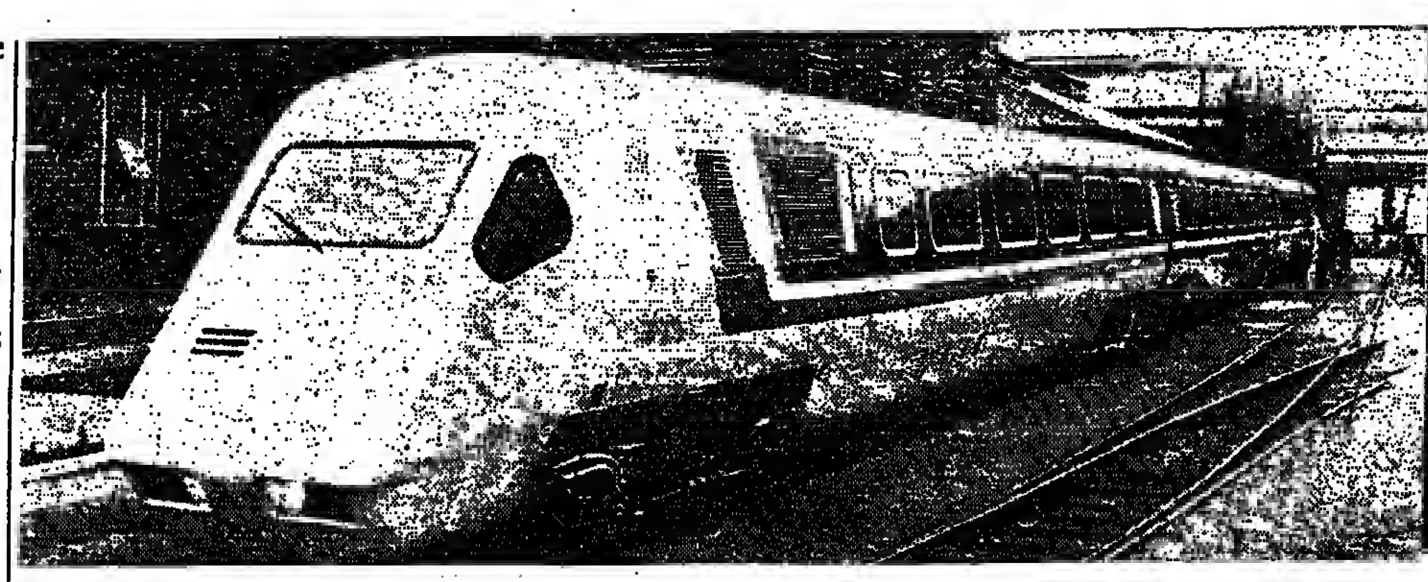
In the 1979 Budget the Government decided not to extend the up-rating of child benefit introduced in April as one of the last acts of the dying Labour administration, implying that 18 months would elapse before the next adjustment. Higher priority was given to improving means-tested benefits, such as the Family Income Supplement. It is of course true that means-tested benefits provide help more economically than universal ones, hut it is also unfortunately true that they are had for incentive. The paradoxical result was a significant widening nf the poverty trap—the band in which nearly the whole of any gain in earned income is lost in reduced benefit.

It will no doubt he argued that the painful results of an excessive public sector borrowing requirement last year, in terms of interest rates and profit margins, have re-imposed an emergency like that of 1976; but what was wrong in 1976 is atill wrong now.

A financial emergency may delay the Government achievements of its objectives, hut it should not, as a general rule, he allowed to destroy the Government's *own sense of priorities:* and in present circumstances thia general rule applies with unusual force. First, the financial dilemma is to some extent transitory. As early as 1981-82 the rapid growth of oil revenues, which should turn Budgetmaking into a mucb less painful exercise, will he well established. A restoration of child benefit from November will fall more heavily on that prosperous year, from the revenue point of view, than on the present lean one. This reasoning, which has apparently appealed to the Chancellor in considering changea in capital taxation, applies quite generally; the difference between financial-year costs and full-year costs is unusually important.

The financial-year costs are not formidable. The full restoration of April 1979 values would coat less than £300m next year. For comparison, this would be more than covered hy a partial *dilution* of the Rooker-Wise adjustment to personal allowances. To exclude that part of price rises due to higher indirect taxes would he logical—otherwise the Covernment is committed lo giving back some 30 per cent of any adjustment in indirect taxes, without in *any way affecting* marginal incentives or reducing the retail price index. This would save some £500m.

However, in the last resort it is political arguments which will win the day; and in a year of austerity, a real measure of help for the poorest of "those *who earn their poverty*" would he the best way to show that monetary responsibility need not be heartless. Miniaters should heed their own backbenchers.



Photographs by Ashley Ashwood and Roger Taylor

British Rail's advanced passenger train, due to come into service this summer. But Mr. Diarmuid Downs (right) and Dr. Larry Rotherham of ACARD believe BR is on the *wrong track for* any hope of exports of APT.

The export blind spot in public sector technology

BY DAVID FISHLOCK

THE SIXTH in a series of sharp reports from the Cabinet Office Think Tank, examining cracks in the foundations of British industry, was published yesterday*. The subject this time is not so much a crack as the chaam that has opened since World War Two between the purchasing policy of Britain's state-owned domestic services and innovation for export.

Using the Government's Advisory Council for Applied Research and Development (ACARD) as its agent, the Think Tank has at last been able to gather hard evidence to support some long-standing suppositions about the past-war decline of Britain as a trading nation. The ACARD report on technological change last autumn pointed up the challenges Britain is facing from its main trading rivals. ACARD's latest study homes in on a problem of uniquely British creation: the overwhelming influence of the domestic puhlic sector purchases on what British industry is creating and making. Far too much ionovation in Britain has no hope of being translated Into exports. The lesson Britain had to learn was that it should not ask for something "so idiosyncratic that no one else wants ot huy it." said Dr. Alfred Spinks, ACARD's new chairman, yesterday.

ACARD learned, for example, that British Rail, whose brief It is to provide Britain with a rail transport service, has its own *factories* and workshops employing 37,000 people. Ostensibly their job is care and maintenance of BR's rolling stock. In act, British Rail Engineering Limited (BREL) is Britain's only supplier of electric locomotives and main-line carriages. Its competitors In private industry—including such *famous names* as Hawker Siddeley and English Electric—have been squeezed out by the monopoly customer.

The ACARD study says ominously that, although BREL has been known to win export husiness, "we understand that in general it Is not competitive in world markets." Yet no British company in the private sector can risk investing in competitive manufacturing facilities on anything like BREL's scale since it can be sure there will be no home market. As a result, Britiah consortia tendering for railway projects overseas have sometimes been obliged to seek competitive rolling stock abroad.

The situation is aharpened still more wben we consider the advanced passenger train, a truly inventive approach to main-line passenger transport, prototypes of which are scheduled to come into service early this summer. The APT waa horn in BR's own railway technical centre at Derby. Even so, it was launched as a project in the late-1960s with £2m of public cash from the Ministry of Transport because the BR hoard lacked enough confidence in its scientists to put up its own money.

Frontiers of engineering

After more than a decade of research and development, the APT is close to its debut In passenger service. Thia all-electric train, designed to spend most of its time at speeds exceeding 140 kilometres per hour, has features considered right at the frontiers of railway engineering. They include a suspension far kinder to the track than those used elsewhere; a means of body tilting that will insulate its passengers from the effects of cornering at speed; and advanced ideas In braking. But who has any confidence that BREL, as the APT's monopoly maker, will seriously attempt to compete in world markets? As ACARD puts lt: "We doubt whether the incentives to cut costs and Improve productivity in BREL are as strong as they might he given that its major (and almost sole) customer is part of the same organisation and that It is a monopoly supplier to that customer."

ACARD makes a telling comparison between Britain and West Germany, which it visited in the course of research for its report. Britain's research and development for the railways is now almost wholly confined to the Derby technical centre, acknowledged by ACARD as "second to none" in its expertise. Cerman State Railways has no counterpart, but reaearch and development is done by the privately-owned manufacturing companies such as Krause Maffei. These companies have the advantage of a steady ordering programme from the railways, compared with BR's highly erratic pattern or odering. Britain's share of world trade in "railway vehicles" in 1976 was 5 per cent. West Germany's share that year waa 15 per cent. Rightly or wrongly, what British Rail huys is not what the rest nf the world wants.

BR, the hutt of every British commuter (and now of the Post Office with its accusations of delays in the mail), is no special case, in ACARD'a opinion. It picks out four more: coalmining machinery, road construction, water supply and treatment, and gas supply and distribution. They differ in some very important respects. Yet all illustrate aspects of the same hasic problem. This is the stultifying effect a monopsony—monopoly customer—can have on innovation beyond the narrow boundaries of its own domestic service.

ACARD helieves that its criticisms cover most if not all of the public sector, which dictates the direction of 40 per cent or more of Britain's research and development. Its reports says pointedly that it *did not examine* such indnstries as electricity generation (which makes threats periodically of purchasing abroad if its domestic suppliers fail to come to heel), or the Post Office (which threatens occasionally to manufacture for itself) only because their purchasing policies "have been held up to *extensive* public scrutiny in recent years."

But it goes for Britisb Cas, taking as an example the torpedo-like "pig" developed as a high-technology inspection tool for its 7,000 miles of high-pressure transmission pipeline across Britain. The "pig" is intelligent enough to travel inside the pipeline at full gas pressure, transmitting details of any flaws which might initiate a sudden failure.

Britiab Gas spent £9m in great secrecy to bring the pig to the stage of prototype testing, and several million pounds since. Both at its own laboratories near Newcastle-on-Tyne and at Harwell, its main subcontractor for the novel inspection techniques required, development was carried out in areas kept sealed from the rest of the staff. British Gas is convinced that no one else has a pipeline inspection technology as advanced as its own, capable of fingerprinting a new pipeline and detecting any significant flaw that may appear throughout its lifetime. It has attracted interest from pipeline operators worldwide.

"But no decision has been made on how it will he marketed," says ACARD. Perhaps *the* pig is *so closely* connected with the efficient operation of a gas distribution system that it would he appropriate for the corporation to provide an inspection service, it says. ACARD acknowledges a natural desire for public corporations to capitalise on the expertise they have *accumulated* hy *starting* commercial ventures outside their principal activity. Nevertheless, the puhlic sectnr, having sequestered such a high proportion of the nation's innovative talent, has a duty first to explore the possibility of putting such ventures hack into the private sector.

Some public corporations themselves now recognise that the private sector is heing deliberately deprived. The Ministry of Defence recognised it last year when awarding the £200m-plus contract for the development of Stingray, its new torpedo system, to CEC-Marconi Space and Defence Systems, instead of with its own Admiralty Underwater Weapons Establishment. The Post Office recognised the imbalance when it came together with its three main private-sector contractors in a new equally-owned company, British Telecommunications Systems, to try to export the System X electronic switching system.

The big question—as Ireland'a choice of French and Swedish competitors points up—is whether this consortium can catch up the time lost while the Post Office dithered in the mid-1970s. The Central Electricity Cenerating Board bas tacitly acknowledged the problem for some years, by spending part of its research and development funds with the electrical plant manufacturers through the Power Engineering Research Steering Committee (PERSC). Indnstry thereby receives £38.5m this year, of a CECB research hndget of about £61.7m.

Of the five public sector activities examined hy ACARD, the closest to having rapport with the private sector is water supplies. Research and development is carried out hy an industrial research association, the Water Research Centre, with two big laboratories. Since *nearly 70 per cent* of its funds come from the water authorities it operates, according to ACARD, effectively as their research centre.

Base for exports

"Nevertheless, It is the only organisation that we studied in which private sector interests play a formal part in the machinery for formulating the R and D programme." No such concession is made by the National Coal Board in regard to the research programme of its powerful mining research and development establisbemnt; even though the steady flow of orders the mining machinery makers themselves can expect from the NCB throughout the 1980s gives them a realy opportunity of building a base for exports if their designs are also tailored to other people's problems.

ACARD has no doubts that research and development directed towards a commercially viable product sbould he "undertaken "in, or under the control of, the firm that produces it." It said so first in a report on industrial innovation, published a year ago. It believes that the public sector does far too much research itself.

Even so, ACARD is wary of a sudden change which could upset the smooth running of reaearch centres of which it has formed a high opinion, snch as the railway technical centre. "The amount of R and D might very well decrease sharply if complete responsibility for funding and execution passed immediately to the private sector." Nor does it offer any mechanism for wholesale change of the present situation. Various mechanisms already exist in a small way—some have been touched upon in this article—*and deserve* closer study.

Instead, ACARD wants to see each public sector authority develop the most appropriate means for transferring greater responsibility for research to the private sector—as the Ministry of Defence has begun to do.

As a start, it proposes that the sborter-term portions of a public sectnr research programme should come under some form of joint control from private and public sectors, to give private firms an initial point of entry and influence. The work itself would be spread around much more widely—among contract research companies and universities as well as the manufacturing companies. As for commercial confidentiality, it says the research requirements boards of the Department of Industry have already "faced and overcome similar problems."

ACARD's report ends with a list of 11 departments of government described as public sector purchasing organisations falling within the scope of the report. One is HM Stationery Office, not normally known as a patron of advanced technology although one with a public duty to sell its books. It has not escaped notice that over the 18 months since HMSO first began to publish the very uniform series of six ACARD studies on British industry's technical problems, the price of acquiring the wisdom of the Think Tank has escalated hy a factor of three.

* *R nnd D for public purchasing; SO;* £2.50.

MEN AND MATTERS

Teeing up for the wrong hole

The hard-nosed investors of the City appear to have developed a soft spot for the Channel Tunnel. Shares in Channel Tunnel Investments, which have a net asset backing of about 12p, whizzed up 90p to 220p yesterday, ahead of a policy statement to be made by transport miniater Norman Fowler later this week. The effect is to capitalise CTI, which has investments of £250,000 and development expenditure of £160,000 on its books, at a spanking £3m.

Those with long memories may recall the days of 1956 when shares in the then Channel Tunnel Company moved up almost overnight from 4d to £2 10s. In the early seventies they touched peaks around £4. Yesterday's hysteria, CTI chairman William Merton tells me, "would be surprising if only it had not happened before. I'm afraid it's a feature of this particular company."

Merton, also chairman nf merchant banker Robert Fleming, warns that there is little financial connection between CTI and the current Chunnel initiatives. The company holds a hank of geophysical data relating to the structure of the Channel bed, which it has built up since its foundation in 1880. This may prove of value to future diggers. There is also the matter of compensation "promised" hy the Government during the abortive 1973-74 Chunnel hid, which some claim could he worth around £3.7m.

An interesting sidelight on the company's shareholdings is that British Rail in with a good chance to dig it sown tunnel, is sitting on 26 per cent of CTI. Does it know something which the rest of the market can only suspect ahout the value of CTI's data? Apparently not. British Rail inherited the shares from Southern Railway and bas, it seems, never heen moved to dispose of them—even at to-day's tempting prices.

"The only asset they have ever had." Insists Don Hunt, BR's Chunnel spokesman, "is a hole in the ground."

Corn and chips

Everything's up to date in Creechurch Lane, where commodity brokers Coley and Harper claim to be the first in their line of business to instal a word and data processor to handle the paperwork emananting from their dealings in the grain futures markets.

Managing director Alan Harper, avid gadgeteer and a dah hand, he says, with a water diviner's dowsing rod, tells me the new machine has freed him and his three colleagues from the daily chore of sweating over the day's dealings with typewriter and calculator. "Every day the settlement prices are fed into the Diamond processor, and ont comes our position with the Crain and Feed Trade Association. Settlement of the positiona is made either way hy cash before 1 pm the next day."

Never having employed a secretary since the firm started six years ago, Harper atresses that this is not a case of the micro-chip putting staff out of work. It does, however, have certain advantages over clerical help. Installed with all the trimmings for about £12,000—less than the cost of a human helper for two years—the machine cannot yet make coffee. "But it doean't require a pension, holidays or go off sick."

Painted ladies

Nigel Lawson, financial secretary to the Treasury, has a distinctive method of dealing with potentially troublesome visitors. In the coming days it may prove especially useful to him.

First, Lawson places the viaitor at a long table facing him. On the wall behind his head, flanked by two enormous windnws, bangs a painting nf three naked women—Ernest Procter's Judgment of Paris. Particularly when the sun is shining, the Financial aecretary has the pleasure of watching the awkward or troublesome either squinting into the light, looking straight at him, or having their train of thnught derailed hy the unusual heauty contest going on in the hackground.

One of the few instances of Lawson dropping this psychological guard was when Prince Charles called in at the Treasury last month. Lawson generously placed the future king next to, rather than opposite, himself.

Unfilled vacancy

ALL TURKEY is buzzing witb anticipation as the final preparations are made for the secret parliamentary poll which will select President Fahri Koruturk's successor on Saturday. One snag, however, is that there are no candidates.

No one has put hia name forward so far, simply because no one can be fonnd with the qualities necessary to endear him to *both* the *splintered* parliament and the generals who have in the past displayed no compunction about interfering with national policy and its administrators.

Acting as go-between twixt the army and parliament is one of the president's most delicate tasks, made all the more difficult nowadays by three-digit inflation, chronic unemployment and the mounting death toll.

Who hetter in such circumstances—and hearing in mind the cynical saw "the highest rank in the Turkish army is the presidency"—than a military man? After all, five nf the country's aix presidents have been former admirals or generals.

Rolls retreat

Is this the atart of a discreet diplomatic withdrawal from the comfortless confines of Tehran? My man on the spot tells me that the British Government-owned Rolls-Royce recently made its less-than-stately way from the Iranian capital to Jeddah, diplomatic capital of Saudi Arabia. After a dusty drive across Iran, the only way the car could cross the head of the Gulf to Kuwait waa on the deck of a traditional wooden dhow.

The reason for the retreat Is that it is no longer considered appropriate, let alone prudent, for Sir John Graham, Britain's ambassador in Iran, to tour the streets in such ostentatious atyle. Since the Daimler formerly used by James Craig, our man in Jeddah, has reportedly popped its plugs, a transfer was deemed a good idea.

Now the Rolls is in a workahop in its new home having the dents knocked ont of a door which was hashed in during the Gulf crossing. For the time being Craig goes about his business in—horrors—an American gas-guzzling Chevrolet.

Hold It . . .

Sign on a Birmingham solicitor's desk: "Smoke if you must, but do not exhale."

Observer

Tobacco industry under pressure

By DAVID CHURCHILL, Consumer Affairs Correspondent

THE SHAPE of the British tobacco industry in the 1980s will be largely determined by two events during the next few days. Final negotiations between the Department of Health and the tobacco companies about more severe restrictions on cigarette advertising are to be held on Thursday. That is expected to be followed next week, in the Budget, with a hefty increase of tobacco duty.

Together these events threaten to upset the uneasy stability which has reigned in a market worth some £1bn exclusive of duty and VAT in 1979. No tobacco company is publicly in favour of renewing the price wars of the late 1970s because of the potentially disastrous effects on profits. But tougher curbs on brand advertising will almost inevitably intensify soma companies' determination to use price promotions to capture a larger slice of the fast-growing King Size cigarette market.

The curbs in prospect are the latest product of the strenuous attempts made over the past two decades by the Department of Health, the medical profession, and others to persuade the 19m or so cigarette smokers in the UK to cut down because of the danger to their health.

These pressures prompted the tobacro companies to develop supposedly safer substitutes for tobacco, which were almost totally rejected by the smoking public when launched three years ago.

At the same time as pressures against smoking were building up, British membership in the EEC had two significant repercussions on the tobacco industry. EEC competition rules led to the break-up of the long-standing agreement between Imperial Tobacco and British American Tobacco which had kept BAT out of the British market. BAT's entry into that markel inteosified competition in the late 1970s.

Membership of the EEC also led to a drastic change in the way tobacco duty is levied — which caused smokers to switch from small to King Size cigarettes. The ensuing marketing battle between the big tobacco companies spilled over into the courts when Imperial's highly successful "Spot Cash" instant lottery promotion prompted BAT to complain to the Attorney General that the promotion contravened the lottery laws. The subsequent criminal and civil proceedings were resolved earliar this month by the Law Lords, who decided that Imperial's lottery was unlawful.

Budget fears

The prospective increase of tobacco duty in the Budget — by as much as 10p per packet according to some forecasters— will inevitably reduce consumption in a market where demand has already been falling for several years. The 6p per packet increase in last year's Budget—as a result of higher Value Added Tax — led to an immediate 10 per cent drop of demand, which has still not fully been recovered.

The threat from the Chancellor of tha Exchequer is one that has faced the industry since tobacco was first introduced into the UK. In 1604, for example, James I raised tobacco duty from 2d to 6s 10d per pound.

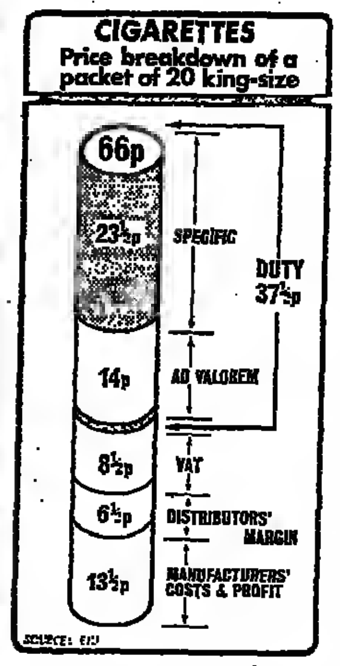
But it is the continued pressure from the anti-smoking lobby that poses the biggest threat to the industry. The issue initially came to public attention in the early 1960s with the publication of the first of several reports by the Royal College of Physicians about the bad effect on health of smoking. Although no direct causal link between smoking and lung cancer and other bronchial diseases has ever been fully established, the close correlation between the two is sufficiently strong to convince most independent observers.

The result of the anti-smoking campaign—helped by lobby groups such as Action on Smoking and Health—was first fell with the banning of cigarette advertising on television in the late 1960s. Restrictions on tobacco advertising—and the introduction of health warnings on packets—increased gradually throughout the 1970s until the last voluntary agreement was negotiated in 1977. This agreement has just expired and is currently being renegotiated.

When Mrs. Thatcher's Covernment came to power in May 1979 the tobacco industry hoped that the spirit of free enterprise would rule out any further restrictions on the tobacco industry. These hopes were dashed by Sir George Young, a junior minister at the Department of Health. Sir George is a fervent anti-smoking campaigner who has made no secret of his strong disapproval of cigarette advertising.

His attitude encouraged Department of Health officials to come forward with a comprehensive set of proposals to limit cigarette advertising to points of sale only, forbidding poster, cinema, and press advertising. The proposals also included a ban on pipe and cigar advertising on television, as well as stronger health warnings on packets and a reduction in general promotional advertising. Sport sponsorship by tobacco companies—especially on television—is subject to a separate voluntary agreement due for renewal later this year.

Poster advertisements are also threatened.



It appears that Sir George and his colleagues have been forced to back-track from their initial negotiating stance. The Department of Health has also been hampered by the need to secure a voluntary agreement since other Government ministers are believed to be firmly against statutory controls on cigarette advertising. At the same time the cigarette industry's traditional allies—the Treasury and the Departments of Trade and Industry—gave their protective support to tobacco companies.

This support is based on the significance of the tobacco industry for employment, trade, and the Exchequer. Tobacco duty provides the Customs and Excise (and hence the Treasury) with some £2.5bn a year in revenue, plus another £300m from VAT. In fact, after VAT and petrol duty, the revenue from tobacco is the third largest source of revenue for the Excise Department. The tobacco industry also provides direct employment for some 36,000 people, is the life blood of the 350,000 small retail outlets which sell cigarettes, and is a major export earner.

In January, at a crucial stage in the negotiations, two tobacro companies—Imperial and Callahers — decided to release details of a new research study on the link between advertising and tobacco sales. This report supported the tobacco industry's long-held claim that cigarette advertising did not increase the total demand for cigarettes but only caused switches between brands. This is the experience of those European countries such as Finland and Norway, which have banned cigarette advertising.

Although the claim is still disputed by anti-smoking campaigners such as Sir George Young, the report cut the ground from under the Treasury's feet. If advertising does not increase the total volume of cigarette sales, since duty is levied irrespective of which brands are sold, a ban on advertising would not cause any loss of revenue to the Treasury.

The likeliest outcome of the new agreement on advertising— which could be announced just before or in the Chancellor's budget speech — is for cigar and pipe advertising on television to be banned in addition to cigarette advertisements, and for a generally agreed cut-back of poster, press and cinema advertising of cigarettes. The health warning on packets may also be toughened.

Estimates of the present level of cigarette advertising suggest a total of about £35m a year, more than half of it accounted for by newspapers and magazines. Any reduction in tobacco advertising would hit hardest the Sunday newspaper colour supplements and outdoor poster sites—although in neither case would a cut-back be disastrous.

The real effect of reduced advertising would be to exacerbate the battle between tobacco companies for market share. Before the switch to the EEC's system of tobacco taxation, between 1976 and 1978, less than one in 10 cigarettes were King Size. This was because British duty was based on the weight of tobacco used. The switch to the EEC system of duty payable on the value of the end product, irrespective of the quantity of tobacco used, made King Size cigarettes relatively better value than small sized ones.

Within a couple of years, King Sized cigarettes accounted for more than six of every 10 cigarettes sold. Market estimates suggest that over the next few years that share will rise to at least eight of every 10. Imperial Tobacco was worst hit since the bulk of its brands were small cigarettes. (This had given it some two-thirds of the total cigarette market.) But from only 9 per cent of the King Sized market in 1976, Imperial now claims overall market leadership with about 54 per cent, compared with Gallahers 28 per cent, Rothmans 14 per cent, BAT's 4 per cent, and Philip Morris's 3 per cent. That success was achieved largely with the aid of substantial advertising. Imperial has no doubt that it would have been extremely difficult to claw its way back to market dominance without such advertising.

Mr. Andrew Reid, chairman of Imperial Tobacco, argues that "no industry should be forced into a position where its freedom to protect its market share and to improve its profitability is hampered and hog-tied by Government decree."

Now that Imperial has won back its market leadership any new restriction on advertising will harm its competitors—most notably BAT which is still fighting hard to establish a strong brand loyalty for its State Express brand.

Trade estimates suggest that as many as eight of every ten smokers are persuaded to buy particular cigarettes by brand image. Gallaher's hugely successful surrealistic campaign for Benson and Hedges gold has made it the number one cigarette brand in the UK. The remaining two smokers out of ten — a much greater proportion than in the past—will buy whatever brand is cheapest.

In fact more severe advertising controls which will prevent companies such as BAT, Rothmans and Philip Morris from increasing their brand share at the expense of Imperial and Gallaher, will most likely lead to a renewed price war. BAT and Philip Morris, which are respectively the world's largest and second largest tobacco companies, are unlikely to be satisfied for too long with the number four and five positions in the British market.

Exports—and corporate diversification—will to a certain extent soften the impact of the anti-smoking lobby and potential price war in the UK. Nevertheless, the industry knows that it must continue to work in a potentially hostile environment.

Letters to the Editor

Britain and Europe

From Dr. G. Hallett

Sir,—As Mr. Malcolm Rutherford (March 14), points out the current Government strategy on EEC contributions is headed for a fiasco which will do Britain no good, and Europe a great deal of harm. It is reasonable for Britain to defend its interests hardheadedly, but there must be a clear understanding of what these interests are, and of what goals are feasible, in the short and long run.

There are only two ways in which Mrs. Thatcher's current demands could be met (and, in neither case could her timetable be met). One would be a large increase, perhaps a doubling, in the Community Budget, with the increased payments slanted so as to help Britain. All members, including Britain, would object to this expansion, with justice. The other course would be changes in the common agricultural policy so as to reduce its total cost, and so British payments. This would be a matter of years rather than months, but Britain would have many allies. The growing cost of the CAP is causing concern, not least in Germany; the Commission has been making proposals for years, and the enlargement of the Community is going to precipitate fundamental changes. There could even be some common ground with France. If the French want to protect a few thousand hill sheep farmers, it is hard to see that this jeopardises any vital European interest.

The trouble is that Britain was not in the Community when the CAP was framed. The policy devised twenty years ago is reaching the end of the line, however, and new opportunities are already arising for Britain to participate in a new, more loose-knit policy suitable for a wider Europe. The Government talks about reforming the CAP, but its actions do not match its words. In May 1979, it raised no objection to what some observers thought were excessive price rises; in October it vetoed a European Parliament resolution requiring a reduction in agricultural expenditure; it objected to British participation in a badly needed reduction in sugar beet quotas (on the ground that the British climate is well suited to a sun-loving plant like sugar beet); in the lamb dispute, it has taken a stand on the pure doctrine of the CAP rather than working towards a looser framework (with "hill sheep" subsidies etc.) which could take account of national differences.

In view of the high intelligence of Foreign Office officials, and the brilliant Machiavellianism displayed recently at Lancaster House, the incompetence and myopia of Britain's current EEC policy would be puzzling—if it had not been characteristic of British European policy since the War.

(Dr.) Graham Hallett
University College,
PO Box 96,
Cardiff

The company secretary

From Sir Graham Page, MP

Sir,—I suspect that the vice-president of the Society of Company and Commercial Accountants had not read the revised version of clause 75 of the Companies Bill before he wrote his letter (March 10) about the qualifications of company secretaries. That version was accepted by the Commons on the report stage of the Bill.

The clause still lists membership of the legal profession or of any one of several accounting institutions or of the Institute of Chartered Secretaries and Administrators as qualifying a person to be a company secretary—provided he appears to the directors to have the requisite knowledge and experience to discharge the fonctions of that office. But the clause now provides that it shall be a qualification that he has held a position or is a member of a body not listed and appears to the directors to be capable of discharging these functions. So, subject to the directors being satisfied as to his capabilities, there is little doubt but that membership of any one of a number of appropriate institutions or societies will be sufficient qualification. I would have thought that the vice-president of the Society of Company and Commercial Accountants would have rejoiced at that provision.

The clause is wide, as is generally the case when qualifications are made statutory for the first time, but not so wide as to dilute the basic concept that a secretary of a public company must have secretarial qualifications. The Government voted for the first version of the clause on committee and commended the revised version to the House on report.

(Sir) R. Graham Page.
House of Commons, SW1.

Cheaper by car

From Mr. E. Dangoor

Sir,—Every motorist knows that even for one person it is cheaper to travel by private car than by the London Tube.

Even now, before the announced increase, it costs £1.10 for a one-way journey of 14 miles by the Tube and 84p in a 20 mpg car.

It is time for London Transport to realise that to increase its income it should reduce fares not raise them.

Why doesn't it unify the fares and do away with all the ticket collectors, controllers and those fiddling passengers, as is done in Paris and New York?

E. M. Dangoor.
5, Bowls Close, Uxbridge Road,
Stanmore, Middlesex.

The reward for productivity

From Mr. D. Wigley, MP

Sir, — We frequently, and rightly, bear much spoken these days about the need to improve productivity in British industry. Presumably, if this is a goal worth attaining, its achievement also merits the appropriate reward.

This being so, readers may well ponder the decision recently taken by the Bernard Wardle company to close its Everflex factory at Caernarfon, making 322 persons unemployed in an area of devastatingly grim employment prospects. That very workforce during 1979 increased its productivity by 37 per cent, and pushed up the factory's profit to over £500,000. If every company in Britain showed a similar performance, many of our troubles would be over. The reward they have been given, however, has been the axing of their jobs.

How on earth can industrialists, economists or politicians go on calling for effort and productivity, if their code of ethics results in such a travesty?

Dafydd Wigley.
House of Commons, SW1.

Joining the EMS

From Mr. N. Thompson

Sir,—In the past the European Monetary System has been attacked because of the externally determined, self-immolatory monetarism which it would necessitate. It is pleasingly paradoxical, therefore, that Professor Minford (March 14) shuld see in EMS the possible loss of control of money aggregates and the opportunity for monetary laxity; reasoning no doubt that the buoyancy of petro-sterling would not necessitate deflationary policies to maintain parity with the strong European currencies.

With, however, an annual inflation rate around 19 per cent, wage settlements fluctuating about the 20 per cent mark, unemployment rising, industrial relations fraying at more than the edges and an ageing corset bursting at the seams (all the clearing banks have been in the first penalty tranche). Professor Minford should not neglect the need for an external stiffening of monetarist fibre which may he needed in the Thatcher Cabinet, in the dark economic hours to come. After all, it would be politically more acceptable to blame a domestic economic catastrophe on externally imposed monetary constraints than on domestic economic mismanagement.

Noel Thompson,
University College of Swansea,
Department of Economic History,
Singleton Park, Swansea.

Sorting letters mechanically

From Mr. S. Scammell

Sir,—In reply to your correspondent Mr. Middleton (March 14), two years ago, in a spirit of innocent enquiry, I asked the Post Office how mechanical sorting could be achieved since apparently the machine must read addresses typed or written in various inks and also exercise considerable judgment in interpreting bad writing. The answer was that each address would be typed out by an operator on a special machine, and the label then stuck on the envelope, and that to do this would be quicker than to look at the address and throw the letter into a bag.

S. E. Scammell.
East Knoyle,
Salisbury, Wilts.

Car tax evasion

From Mr. B. Engert.

Sir,—Both on grounds of the virtual impossibility of evasion, simplicity in collection, and cost efficiency by minimising the staff needed for operation, the petrol tax beats the vehicle licence tax on every count. In that vehicle fuel is already taxed as it leaves the refinery, any increase in that tax would not require one extra Civil Servant to operate it. Compare that with the monstrous size of the vehicle licensing centre employing thousands and yet operating a system so easily and so widely evaded.

Contrary to what has been so assiduously put about, putting the whole vehicle tax on the fuel is equitable, cheap to collect, and virtually impossible to dodge.

Basil Engert.
Engert and Rolfe,
Barchester Street, E14.

Civil Service pensions

From Mr. S. Kirkham

Sir,—If Mr. Kendall (March 11), is correct that 8.5 per cent contribution pays for 57 per cent of his index-linked pension, the total cost must be about 15 per cent. Would some actuary please confirm whether that figure is realistic? If it is then a lot of private companies are paying too much for their un-indexed benefits.

As regards France, Mr. Kendall knows that, in the engineering sector at any rate, the scheme is industry-wide and is not funded in consequence. This seems to be the key to providing pensions at moderate cost. Even with an industry-wide scheme, there is risk if the industry as a whole goes into savage decline.

S. Kirkham.
6, Broadway,
Wilmslow, Cheshire.

Explaining the cause

From Mr. B. Sulc

Sir,—Now that Mrs. Thatcher has explained Britain's cause in the EEC to viewers of French TV could we hope to see the French Prime Minister or M. Giscard d'Estaing on our TV screens to state France's view, especially on why France is ignoring the EEC Court ruling regarding the import of lamb from Great Britain and on why the British net contribution to the Common Market remains as high as it is.

B. Sulc.
12, Forest Close, Cuddington,
Northwich, Cheshire.

The importance of purchasing

From Mr. L. Tune

Sir,—On March 11 you reported an increase of 28.6 per cent in raw materials costs to industry, over the last 12 months. Although these figures are disturbing, they need not be alarming. It must be remembered that purchasing can be attacked as a controllable cost.

Some companies, especially the more successful, are realising the importance of purchasing efficiency and the very significant savings that can be made. In the average British company, over 50 per cent of the total cost of running the business concerns purchased materials and services. Typically, a company spending £5m a year on material costs can easily achieve a 1 per cent improvement which means extra profit of £50,000. Recently a metal manufacturing company, with material costs of £10m, achieved annual savings running at the rate of £700,000 by improving the efficiency of the purchasing department.

All too often purchasing is a neglected, low status activity, employing low grade staff and their performance is rarely measured. It is surely time to apply the same principles of assessment to buyers as to salesmen. They should be judged and rewarded in relation to the results achieved.

L. K. Tune,
PA Management Consultants,
St. James's House,
Charlotte Street,
Manchester.

Today's Events

GENERAL

UK: Sir Keith Joseph, Industry Secretary, and Dr. David Owen, Shadow energy spokesman, speak at Market Research Society conference on "Research in the 80s," Brighton (to March 21).

Leaders of Civil Service unions meet to discuss pay offer cash limit.

Sir John Methven, Confederation of British Industry director general, speaks at Yorkshire regional CBI dinner, Sheffield.

Lord Boyd-Carpenter speaks at National Federation of Building Trades Employers annual lunch, London.

Prince Philip addresses Manchester branch of British Institute of Management dinner.

Mr. Norman Lamont, Energy *Parliamentary Secretary, speaks* at Electricity Council marketing conference dinner, Harrogate.

Iron and Steel Trades Confederation executive meets.

National Gallery annual report published.

Variety Club of Great Britain tribute lunch to Mr. Yul Brynner.

Overseas: EEC Foreign Ministers meet in Brussels.

King Juan Carlos visits Denmark.

EEC Development Council meets, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Social Security Bill, remaining stages.

House of Lords: Reserve *Forces Bill (consolidation* measure). Consideration of Commons amendments. Consolidated Fund (No. 2) Bill, all stages. British Aerospace Bill, committee stage. Motion to approve Southern Rhodesia *(Constitution of Zimbabwe)* (Elections and Appointments) (Amendment) Order 1980. National Health Service (Invalid Direction) Bill, second reading. Companies Bill, consideration of Commons amendments.

OFFICIAL STATISTICS

Cyclical indicators for the *UK* economy (February).

COMPANY MEETINGS

Crest Nicholson, Ashley Park *Hotel, Walton-on-Thames,* Surrey, 12. Essex Water Company, Great Eastern Hotel, Bishopsgate, EC, 12. Leda Investment Trust, 44, Bloomsbury Square, WC, 11. SCB, Waldorf Hotel, Aldwych, WC, 11.30.

COMPANY RESULTS

Final dividends: Richard Clay. Comben Group. Fairclough Construction Group. Inveresk Group. McCleery L'Amie Group. Smith and Nephew Assoc. Companies. George Spencer. Trade Indemnity. Ward White Group. Waterford Glass. Watmoughs (Holdings).

BTR up 43% and makes promising start in 1980

DESPITE industrial disruption which cost the group £4m during 1979, BTR, the plastic mouldings and rubber belting group reports pre-tax profits up 43 per cent from £40.1m to £57.2m on sales 23 per cent higher at £432.6m against £351.1m.

Stated earnings per share are up from an adjusted 24.6p to 30.7p and a final dividend of 6p effectively lifts the year's total from 7.3p to 11.5p—not less than a 10p total had been expected. A one-for-three scrip issue is now proposed.

First half profits had risen from 18.3m to £27.4m and the directors were then expecting a satisfactory profit growth at the year-end.

The 1979 results represent the 13th year of improvements in profits the directors say and 1980 has seen a promising start with the values of orders, sales and earnings at higher levels than for the same period last year.

Major external influences on 1979 were inflation, industrial unrest, exchange rates and the non-arrival of a U.S. recession. Of the £17.1m profit improvement, growth and performance accounted for £9.3m, acquisitions £3.7m, inflation £6.2m while exchange fluctuations cost £2.1m.

For the year, in local currencies, Australian profits trebled after further acquisitions, loss eliminations and operating improvements. South African profits increased 62 per cent.

U.S. profits increased 97 per cent with full year and improved contributions from Worcester Controls, Hamilton Kent and Lindsay Wire—all 1978 acquisitions—as well as from the paper group. Europe although suffering UK industrial unrest achieved record results.

The year-end balance sheet shows an increase from £134.9m to £149.3m in shareholders' interest. Net interest charges were more than 12 times covered by available profits.

Capital investment including additional working capital exceeded £38m. Future prospects and plans are for continuing growth in sales and profits, the directors state.

	Year 1979 £m	1978 £m
Europe sales	286.2	243.7
West'n hemisphere	65.8	42.3
Eastern hemisphere	97.9	65.1
Exch. fluctuations	17.3	—
Total sales	432.5	351.1
Europe profit	39.4	30.5
West'n hemisphere	10.4	5.6
Eastern hemisphere	9.5	3.9
Exch. fluctuations	2.1	—
Profit before tax	57.2	40.1
Tax	22.2	15.4
Minorities	2.9	1.4
Earnings BTR	32.1	23.3
Extraord. debits	0.2	0.2

See Lex

HIGHLIGHTS

Lex looks at the ways in which the financial markets made a provisional assessment of the anti-inflation measures in the U.S., with movements particularly sharp in the foreign exchange markets where the dollar was particularly strong. On the company front BTR continued to illustrate its impressive growth capabilities, raising pre-tax profits from £40m to £57m and making optimistic noises about the initial months of the year. Meanwhile Barratt's profits are up from £8.2m to £11.5m, among signs of its taking steps to cushion itself against more difficult trading in the future. On the inside pages Stothert and Pitt produced some very poor results, Beatson Clark is down, Pittard closes its books on a slower second half, but Invergordon shows a reasonable increase.

Mr. Henri Delauze, deputy chairman of Comex Houlder Diving, answering questions yesterday on the deal in which Houlder Offshore has bought a 50 per cent stake in Comex Diving, a French company. Mr. John Houlder (right) chairman of the new joint enterprise, looks on. Story, page 26.

Pittard advances 40% to £1.49m but below board's expectations

ALTHOUGH TAXABLE profits of Pittard Group increased by 40 per cent from £1.06m to £1.49m in 1979, on turnover 47 per cent higher at £23.6m, the directors of the leather tanning and dyeing concern say the results were not as good as expected.

At the interim stage, they forecast that second-half profits would be substantially higher than for the same period last year, but in the event, pre-tax surplus for the second six months was only £49,410 ahead at £531,458.

The directors explain that the high value of the pound in the latter part of the year weakened the group's competitive advantage in several markets, particularly in the U.S. and Canada. This also assisted in a vast increase of imported subsidised leathers and shoes, causing a squeeze on its profit margins and sales volume in Britain.

The exceptionally high cost of hides in the early part of the year led to increased borrowings which, with high MLR, lifted interest charges by nearly £400,000. The accumulated profit and fall in hide process has since reduced borrowings by one-third and it is expected that this trend will continue.

On prospects, the directors say that in the present circumstances, it is difficult to make any confident forecast. However, the work that has been done to reduce production costs of Kohnstamm Leathers, the integration of Midland Leather, and an aggressive marketing approach will help Pittard to be as competitive as possible worldwide.

	1979 £	1978 £
Sales	23,599,043	15,985,759
Trading profit	1,758,990	1,308,942
Depreciation	270,120	244,497
Profit before tax	1,488,870	1,064,445
Taxation	199,706	142,194
Net profit	1,289,164	922,251
Pref. dividend	77,347	51,455
Ordinary dividend	284,520	221,862
	361,867	273,317

Stated after-tax earnings per 25p share rose by 4.6p to 16.5p, while the dividend total is stepped up by 29 per cent to 4p (3.095p) net with a final of 2.625p.

Mr. C. J. Pittard is to resign as chairman with effect from May 8, 1980, but will remain on the Board. He is to be succeeded Mr. N. F. Wood, the present managing director.

● comment

Profits growth at Pittards has slowed to 10.3 per cent in the second half from 64 per cent at the interim stage, and the reason is not hard to discern. Slack demand pushed hide prices from 102p per kilo in June to 56p by the end of the year. In consequence, first half stock profits have been converted into losses of over £100,000 and, with sterling remaining strong, both domestic and export markets have been harder to penetrate. Pittards' earnings fluctuate considerably in line with volatile hide prices and, unless the group diversifies, there is little chance of this pattern changing. This year, however, should show some exceptional gains. The Midland Leather acquisition will make a respectable contribution and the Beckenham closure will produce a net extraordinary surplus of over £250,000. Set against this is the dull demand trend for leather and the continuation of protectionist policies by major hide producers, notably Brazil and India. The stated p/e of 2.5 reflects the difficult outlook though the yield of 14.2 per cent, on a share price of 43p, provides some compensation. With a cover of over four times, however, the group is at least protecting the dividend against the hazardous earnings picture.

Invergordon ahead to more than £4m

FOLLOWING the midway rise from £1.23m to £1.85m, pre-tax profits of Invergordon Distillers (Holdings) reached £4.16m for 1979, compared with £2.46m for the previous nine-month period. Turnover amounted to £24.36m, against £14.95m.

In September, the directors reported that steps had been taken to restore margins and it was expected that improvement would be reflected in the second six months.

Stated earnings per 25p share were 19.28p (14.59p for nine months) and the dividend total is lifted to 4p net, against 1.84p in the previous period.

There was a tax charge of £418,000 (£384,000 credit) and net profits were £3.76m, compared with £2.85m.

● comment

On an annualised basis, pre-tax profits from Invergordon climbed over 27 per cent after a rise of a tenth in both fillings volume and prices last year. The potential impact on export margins was largely offset by the concentration on European markets where the effects of currency movements have been far less pronounced than, say the U.S. or Japan. The Budget stands as a potential threat to volume growth this year but bottled whisky probably accounts for no more than a third of total sales and fillings are probably less vulnerable to valorisation measures than blended products. The p/e of 11.3 on the published rate of taxation is possibly slightly high on trading grounds and income support is minimal at under 3 per cent after a 1p rise to 220p. But the possibility that the ultimate parent, Hawker Siddeley, will rationalise the portfolio of the Carlton Industries' acquisition remains an active consideration.

R. Green ahead at halfway

DESPITE A drop in turnover from £2.45m to £2.17m, pre-tax profits of R. Green Properties showed a substantial improvement in the six months to December 31, 1979, climbing from £591,000 to £742,000. Tax charged was up from £266,000 to £334,000.

The net interim dividend is raised from 0.605p to 0.7p—last year's total was 1.875p on pre-tax profits of £1.05m (£698,000). Earnings per 10p share are shown as 3.35p against 2.67p.

53 companies wound-up

COMPULSORY WINDING-UP orders against 53 companies were made by Mr. Justice Dillon in the High Court yesterday. They were:

Janorvale, Toreador Investments, T. G. Hawker, Wallanways, PFG (Plasterers), Pentair Services, and K. Yasar Models.

St. Louise Properties, Meadowvale Developments, G and O Sprayers, Newcroft Homes, Billstock, G. N. Ridley, and Smithywood Garage.

Geneva Property and Security Co., Hyde Motor Company, Kezberry Building, Brobourne, Chasparel (Builders), Cheshire Videotech, and Marlarose.

Straglen, Videgem, V. R. Blake and Son, Greenfields (Wholesale), Baccaron, P. and V. Building Contractors (Southport), and Hadleigh Marketing.

Sherwood Coin, Flag Developments, Bowles Bulk Haulage (Cheltenham), Silverfalls, M. P. Graham and Co., and Indonesia Marketing Consultants and Trading.

Espada Enterprises, Wellbread, Global Musical Marketing, Solocrown, F. G. Jackson (Builders), and B. and B. Signs.

Surepledge, Bullzone, A. C. Read and Sons (Bulk Transport), L. A. Clothing, Euroselect Executive Consultants, and J. K. Tudor House (Holdings).

D. D. Pankhurst, Benedict's Hotels, Penyou Shipping Company, Pebblecrest, Right Design Contractors, M. D. B. Motors, and A. and E. B. Williams.

Stothert £0.93m in the red and omits interim

AS forewarned at the time of the last annual report, Stothert and Pitt, engineers, ran into losses, in the 28 weeks to January 12, 1980. The pre-tax deficit amounted to £926,000, compared with profits of £709,000 for the corresponding period and £978,000 for the last full year.

The directors estimate that about £350,000 of the first half loss was directly attributable to the engineering strike. The high value of the pound also contributed to bad trading conditions both at home and overseas.

The directors have decided that the results do not justify an interim dividend, particularly in the light of the continuing steel strike. The question of a final dividend must await results for the full year, they add. Last year's total payment was 11.06p net.

Sales for the 28 weeks fell by 29 per cent to £12.41m, almost entirely as a result of a decrease in crane business, but order intake has improved and the directors believe that actions taken will result in progressive recovery over the next 18 months.

Losses incurred were after depreciation of £220,000 (£186,000) and interest of £307,000 (£166,000). With tax taking £1,000 (£33,000) and an extraordinary debit of £39,000, the attributable deficit emerged at £966,000 (£678,000 profit).

● comment

The announcement of a hefty interim loss and a passed dividend at Stothert and Pitt came too late to influence the market last night but, presumably, the unchanged price of 106p can expect to take a sharp knock this morning. The yield at the end of last week had been under 15 per cent, after all, which would not have been enough in itself, to push any alarm bells in an income fund. It is true that the group had been warning of a tough start to the current year but, if the effects of the engineering dispute might have been foreseen, the downturn in the dominant crane business looks to have been substantially worse than first supposed. The slackening of crane orders increases the strain on cash resources and probably justifies the dividend decision but the balance sheet is very strong with book assets of 485p per share and, in the background, Rea Brothers holds a useful stake. These two considerations suggest that the share price is capable of springing back at any time but they should not be allowed to disguise the basic weakness of a major market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barratt Devlpmts. ...int.	3.5	May 30	2.9	—	10.26
Beatson Clark	5.4	May 2	4.5	8.4	7
BTR	6	May 22	3.67*	11.5	1.33*
James Fisher	2	May 20	0.56*	3.5	1.14*
Invergordon Dstllrs.	2.5	June 2	1.14	4	1.84‡
R. Green Props. ...int.	0.7	April 28	0.61	—	1.88
Montagu Boston Inv.	1.05	May 12	0.88	1.05	0.88
Pittard	2.63	—	1.87	4	3.1
Relyon PBWS	3.75	May 27	2.82	6	4.57
Stothert and Pitt	Nil	—	2.65	—	11.06

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 9 months.

ASSOCIATE DEAL

S. G. Warburg and Company, as an associate of Imperial Continental Gas Association, on March 14 bought on behalf of discretionary investment clients, 10,000 capital stock units of £1 of Imperial Continental Gas Association at 731p.

ISSUE NEWS

Plastics specialists R. H. Morley enters market with 163 quote

BY ARNOLD KRANSDORFF

R. H. MORLEY, a new company specialising in the manufacture of plastic bags, is coming to the market via 163 (2) with a capitalisation of £2.25m.

The company is run by Mr. Bob Morley, a co-founder of Alida Packaging, now part of Rockware Group, and two of his former associates, Mr. J. Ellis and Mr. E. Egglenton.

A placing has been arranged by brokers Rowe Rudd and Co. of 375,000 ordinary 10p shares at 90p per share in Morley—representing 15 per cent of the issued capital. Mr. Morley owns 25.7 per cent, Mr. Ellis and Mr. Egglenton 0.4 per cent each, Yeoman, as trustees of a discretionary trust, 48.5 per cent and the balance by private clients of Rowe Rudd.

The latest consolidated accounts of the group include three months trading from McGregor and two months trading from Rutland. However, an accountants' report indicates that pre-tax profits would have totalled £244,000 on sales of £2m for the nine months ended December 31, 1979 if the group, as presently constituted, had been in existence since the inception of the businesses.

For the year to end March, 1979, profits would have been £161,000 and £116,000 for the previous 17 months, the report states.

The directors forecast that current year profits will amount to not less than £325,000 and dividends will be not less than 4.752p. At the placing price the prospective p/e is 14.44 while the yield is 7.5 per cent.

For 1981 the directors predict profits will be "substantially higher" and they disclose that within two years production capacity will permit a turnover in excess of £10m per annum at current prices.

Dealings in the new shares start on March 25. The directors eventually aim to seek a full listing on the Stock Exchange.

● comment

With no profits record to speak of, Morley is coming to the 163 market with little more than the reputations of its directors to justify the lofty-looking p/e. To be fair, they have proven track records and initial trading suggests that the company has performed well in difficult trading conditions. Clearly, personal contacts are going to be a crucial factor for future growth. Although the plastic packaging market is huge, there is virtually no volume growth and Morley will have to "steal" from its competitors to live up to its ambitions. One of the most impressive features of the business is the mammoth return on capital employed—well over 100 per cent on the pro-forma.

Standard Life introduces personal pension bond

Standard Life Assurance Company, Scotland's largest life company, is extending the product range of its unit-linked life operations with the launch of its Personal Pension Bond—aimed primarily at the self-employed to provide pensions.

The company only entered the unit-linked life sector last October with the introduction of a single premium life bond for individual investors. Then, a couple of weeks ago, the company set up its regular savings life scheme for individuals. Now, it has produced its first linked pension contract and it intends to launch an executive pension scheme. The linked life funds already exceed £5m.

The pension plan itself offers complete flexibility regarding payment of contributions and in the style of benefits. It is written as a series of policies to enable the self-employed to retire in stages if so desired. Investment can be made into units of one or more pension funds

Gillett Bros. to cease fund management

Gillett Brothers Discount Company is to end its fund management activities. In his annual statement, Mr. Ian Logie, the chairman, says that after two and a half years in existence, Gillett Brothers Discount Fund Management was still not producing sufficient income in management fees to justify the expense of continuing, and consequently, activities ceased in February, 1980.

Mr. Logie says the outlook for the year ahead remains uncertain. The inflation rate remains high, labour problems persist and there are worries that the belief that high nominal rates are enough to do the trick may be ill-founded. He says that inevitably, expectations for the new year are tinged with wariness.

As known, the group reported a net profit of £110,666 after a transfer from contingency accounts in the year to January 31, 1980. The previous year's result was £212,932.

Bill business continues to play an important part in the group's business, and turnover of commercial bills increased 87 per cent. The contingent liability on commercial bills rediscounted rose from £46m to £103m.

Meeting, 65 Cornhill, EC, April 9, 12.30 pm.

SHARE STAKES

B and Q Retail — Mr. D. A. Quayle, director, has transferred 100,000 shares to Mrs. R. Quayle. Mr. and Mrs. Quayle are now divorced.

Equity Income Trust—Following recent sales of 15,000 ordinary the holding of Cornhill Insurance has been reduced from 539,000 (14.37 per cent) to 524,000 shares (13.97 per cent).

Scottish Metropolitan Property—Following completion of legal formalities following the death of Mr. I. A. Walton, his son, Mr. D. Walton, the chairman, is beneficially interested in a further 12,765 ordinary shares and non-beneficially interested in 451,453 ordinary shares and £310 9 per cent convertible unsecured loan stock 1992-96. Mrs. L. Walton, widow of Mr. I. A. Walton, is beneficially interested in 2.9m ordinary shares and non-beneficially interested in 1.07m ordinary shares (total 10.03 per cent).

Midland Industries—Frilldram has purchased 7,733 ordinary. Mrs. N. G. Marsland, wife of E. C. Marsland, director, is a director of Frilldram. Mrs. Marsland has also purchased 17,267 ordinary in her own name.

RESULTS AND ACCOUNTS IN BRIEF

BROADSTONE INVESTMENT TRUST—Results for year to December 31, 1979 already known. Investments £29.55m (£30.73m) including £12.17m (£11.2m) overseas. Net current liabilities £739,925 (£893,866). Meeting, 120, Cheapside, EC. April 14, 2.30 pm.

CLYDESDALE BANK (subsidiary of Midland Bank)—Trading profit for £1979 £30,795,000 (£20,718,000). Income from trade investments £64,000 (£11,000). Profit £30,859,000 (£20,729,000). Tax £15,065,000 (£11,448,000). Net profit £15,794,000 (£9,281,000). Dividends £1,669,000 (£1,508,000). Retained £14,125,000 (£7,773,000). Shareholders' funds £96,078,000 (£65,286,000), comprising capital £6,419,000 (same) and reserves £89,659,000 (£58,867,000).

INCHCAPE BERHAD SINGAPORE—For year ended December 31, 1979, turnover was Singapore $984.5m ($797.1m). Profit before tax $69.1m ($14.65m). Tax $23.23m ($9.34m). Profit after tax $45.87m ($5.3m). Minority interests and pre-acquisition profits $1.13m ($1.01m). Extraordinary debits $348,000 ($14.82m). Profit attributable to shareholders $44.38m ($10.53m deficit). A final dividend of 13½ per cent before tax makes the total 17½ per cent (3 per cent), costing $15.9m.

RIVOLI CINEMAS—Turnover for six months to October 5, 1979, £92,345 (£84,003): pre-tax profits £68,770 (£46,332) including investment income £49,744 (£33,806); tax £25,862 (£17,773). Stated earnings per 50p share 21.5p (14.3p).

£39,000 loss for Abwood

Hard hit by last year's engineering workers' strike Abwood Machine Tools reports a pre-tax loss of £39,000 for the six months to September 30, 1979, compared with a £35,000 profit previously.

Turnover was down from £563,000 to £478,000 and the company is not declaring a dividend. Last time it was 0.4p.

The board also cited factors associated with sales and administration for the poor figures. Mr. A. Peck has ceased to be the managing director but remains on the board. Mr. G. Suckling has assumed full responsibility as chief executive.

SPAIN

March 14	Price %	+ or −
Banco Bilbao	226	
Banco Central	250	
Banco Exterior	210	
Banco Hispano	221	
Banco Ind. Cat.	130	−1
Banco Madrid	155	
Banco Santander	268	
Banco Urquijo	170	
Banco Vizcaya	232	
Banco Zaragoza	204	
Dragados	100	−0.5
Espanola Zinc	60	
Fecsa	57.2	
Gal. Preciados	33	
Hidrola	64.2	+0.2
Iberduero	58.7	−0.3
Petroleos	106.5	+0.3
Petroliber	63	
Sogefisa	107	−4
Telefonica	54.2	−0.3
Union Elect.	62.7	

James Fisher surges to £3.3m

AS FORECAST at midway, second half profits of **James Fisher and Sons**, shipowner, ship and insurance broker, showed an advance over the corresponding period. The pre-tax figure moved ahead from £0.93m to £1.39m, leaving the full year result some £1.07m better at £3.32m.

The net final dividend of 2p effectively raises the total payment from 1.1353p to 3.5p, on earnings per 25p share showing a 6.99p gain at 24.92p. A one-for-one scrip issue is also proposed.

Turnover for the 12 months improved from £10.64m to £12.83m and profits were struck after interest of £431,000 (£807,000). Tax took £124,000 (£84,000) and there were extraordinary credits of £351,000 (£127,000).

Barratt tops £11.5m in buoyant first six months

FOR THE half year ended December 31, 1979, turnover of **Barratt Developments**, one of Britain's *major housebuilders*, rose from £74.45m to £102.3m and profits were higher at £11.51m *against £8.16m before* tax of £2.3m (nil).

The directors are lifting the *interim dividend from* 2.9p to 3.5p per 10p share absorbing £1.33m (£1.09m)—last year's total *was* 10.255p *from record* pre-tax profits of £20.4m.

During the first half, the group concluded negotiations with the major clearing banks and now has available £30m of term finance of between five and 10 years at variable rates of interest in addition to substantial overdraft facilities.

These facilities taken in conjunction with the extremely strong land bank and buoyant demand enable the group to look forward with confidence not only to the end of the current year but well beyond, the *directors* say.

The group's position was further consolidated with an increasing share of the market with the newer subsidiaries in the South and the Midlands making an increasingly important contribution.

In the more traditional markets in the North and in Scotland three recent acquisitions with a total cash cost of £6.5m will enable it to maintain its market leadership in these areas, the board states.

The policy of expanding the property investment portfolio continues and a *substantial* number of commercial and industrial projects will become income producing during the next 18 months. The group is on target to meet its objective of £3m of property investment income by June 30, 1981.

Other sectors of the business also made progress. The property conversion company continues to expand, contracting is *currently profitable* though unlikely to make a significant contribution to the group's annual result and the *diversification* into the leisure industry is at an advanced stage with construction due to commence this month, the directors add.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. *Official indications are not* available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

Interims—Brooke Bond Liebig, G. H. Downing, Lawtex, London Scottish *Finance, Strong and Fisher, Waring* and Gillow.

Finals—Richard Clay, Comben, Fairclough Construction, Inveresk, McCleery L'Amie, Padang Senang Rubber, Smith and Nephew, George Spencer, Tomatin Distillers, Trade In*demnity, Ward White, Waterford Glass*, Wolmoughs.

FUTURE DATES

Interims—	
Courtney Pope	Mar. 20
Harrisons Malaysian Estates	Mar. 26
M. and G. Group	*April 3*
Ricardo Consulting Engineers	Mar. 25
Finals—	
Applyard	Mar. 26
Associated Book Publishers	*Mar. 27*
Bank of Scotland	April 15
Church	Mar. 21
Green's Economiser	April 10
Harris Queensway	April 23
Horizon Travel	Mar. 19
Lane (Percey)	Mar. 27
Leyland Paint and Wallpaper	Mar. 27
Morrison (Wm.) Supermarkets	April 3
New Equipment	Mar. 20
Rugby Portland Cement	†April 15
Yorkshire Chemicals	*Mar. 27*

† Amended.

Provident Financial optimistic

High levels of unemployment, high interest rates and high levels of inflation combine to produce low profits in a group so dependent on consumer credit activities, says Lord Chelmer, chairman of **Provident Financial Group**.

However he believes the company has an exciting and profitable *future*. By *exploiting* special skills and by developing inter-related businesses, a more broadly-based, more resilient organisation is being steadily produced, he adds in his annual statement.

Acquisitions are making helpful contributions to group profits and Whitegates Estate Agency in which development expenditure will reach about £2m by the end of this year, is expected to become profitable in 1981.

Group pre-tax profits declined from £10.73m to £9.23m in 1979, as known. On a CCA basis, the taxable surplus was reduced to £4.79m (£8.41m).

Fixed assets were up from £4.71m to £9.95m at the year end, and net current assets were higher at £64.65m, against £54.77m. Bank advances rose from £6.46m to £10.99m, while term loans and acceptances increased from £68.51m to £93.26m.

Meeting, Bradford, on April 10 at noon.

Relyon increases to £1.85m

TAXABLE PROFITS of **Relyon PBWS**, manufacturer of mattresses and divans, expanded from £1.49m to £1.85m in 1979, on increased sales of £13.04m, compared with £10.12m.

At midway, the pre-tax surplus was up from £707,000 to £911,000, and the directors were optimistic about the rest of the year.

The net total dividend is lifted from 4.45732p to 6p, with a final of 3.75p. A one-for-four scrip issue is also proposed.

After tax of £918,792, against £794,575, earnings per 25p share are shown to have risen from 10.61p to 14.17p.

Pre-tax profits were struck after depreciation of £224,878 (£128,430), and interest on unsecured loan stock of £20,593 (£21,195).

Albany Life offers loans

Albany Life Assurance Company, the UK subsidiary of the American General Insurance Group, has introduced a borrowing facility on its Senior Executive Retirement Plan for Controlling Directors which enables companies to take loans of up to 50 per cent of the value of the fund.

The company points out that, until recently, only self-administered pension schemes could grant loans back to the employer company from the assets of the fund. This has been one major factor behind the rapid growth in small self-administered schemes for controlling directors and key executives.

Now, with this new facility, controlling directors will be able to make appropriate pension provision for themselves without substantially reducing financial flexibility or getting involved in the administrative *problems that can arise from a* self-administered scheme.

The loan has to be made on commercial terms, for a commercial purpose, the interest rate being determined by current conditions. The repayment terms are fixed at outset and will normally require the loan to be paid in full by the time the director reaches normal pension age.

Albany Life will provide the *necessary initial actuarial valuation* and the pensioneer trustee requirements of the Inland Revenue.

New re-quotation delay for British Anzani

A HIGH COURT judge yesterday adjourned for 14 days a petition to wind up British Anzani Construction—adding to the delay facing plans for a re-quotation for its parent British Anzani and presentation to its 4,500 shareholders of accounts for 1978 and 1979.

Mr. Eban Hamilton, for the company, told Mr. Justice Dillon that certain contracts were due to be completed within the next few days which would provide enough money to pay the claims against it.

The petition was presented by the Inland Revenue, creditors for £92,410, substituting for Jones Reinforcements. The petition is supported by six other creditors owed a total of £13,680.

British Anzani's shares were *suspended* early in 1977 at 15½p and, after various boardroom changes, it had been hoped to conclude asset sale negotiations which would help discharge liabilities, the subject of cross guarantees throughout the group's subsidiaries, to Bankers Trust International and National Westminster Bank.

Apart from yesterday's hearing a firm of architects, Chapman Taylor Partners, has made a winding-up order in respect of a debt worth £26,000. This petition will stand over until the first petition day after today and will probably be heard next Monday.

Beatson Clark falls to £1.6m

A FALL of some £100,000 to £837,000 in the second half left taxable profits of **Beatson Clark** down from £2.38m to £1.62m in 1979. Turnover of the glass container manufacturer improved from £20.67m to £22.45m.

At the interim stage, the pre-tax *surplus* was sharply lower at £780,000 (£1.45m). The directors said then that they *expected the second* half results to be comparable with those for the first six months.

The *net total dividend* is stepped up from 7p to 8.4p, with a final of 5.4p, as forecast. Earnings per 25p share are given as 33.1p, compared with 60.2p adjusted for last year's rights

There was a reduced tax charge for 1979 of £141,000, against £320,000.

Taxable profits were struck after depreciation of £1.5m (£1.45m), and interest of £145,000 (£150,000).

● **comment**

The second half looks to have shown a slight *improvement* at Beatson Clark. Pre-tax profits are £100,000 down on the previous year, against a £170,000 first half shortfall stripping out damage from the haulage strike. Increased exports have helped, running at £3.4m in the second half against £2.63m in the first. None the less, capacity utilisation is still sagging, and the company is cutting back on overtime and seeking productivity deals to better *margins. Subscribers* to last year's £2.5m rights issue, wondering where their money went, can see part of the effect in lower interest charges. The additional cash is helping finance stocks. The bigger picture of the profits trough is that pharmaceutical manufacturers, to whom Beatson Clark sells more than half its output, have had a tough year with sterling high. African exports particularly depressed, and domestic margin pressures from competing wholesalers. With those problems out of Beatson's control, this *year's first half* is unlikely to see the (£1.28m) the company might have seen in a strike free first-half last year. The historic p/e of 4.2 on stated earnings backed up by an 8.7 per cent yield at 141p seems to take the problems into account.

Gold mines confident despite price fall

BY PAUL CHEESERIGHT

THE FALL in the bullion price yesterday to close under $500 an ounce for the first time this year has stripped the South African gold industry of its euphoria but has left long-term planning aims intact.

No mine has been considering expansion on the basis of prices seen this year, industry executives noted. The bullion price had climbed from $526.50 to a peak of $850 at the afternoon fix on January 21 and has since declined sharply to a close yesterday of $479.

It is doubtful whether any groups have been considering new developments on the basis of prices higher than $400 an ounce, the executives said. Further, expansion plans involving new mines and new shafts move forward over a *number* of years, they added.

Although the rise in the price over the last year—despite recent falls it is still more than $200 higher than a year ago—has re-directed attention to marginal deposits, planners have been very cautious in the face of recent market fluctuations.

Vlakfontein, in the Gold Fields of South Africa group, where underground operations stopped *in 1977, has kept the possibility* of re-opening its West Vlakfontein claims under constant review. But Mr. C. T. Fenton, the chairman, said in his annual statement just published, that exploration expenditure is not warranted because of the uncertainty of the future gold price.

The industry has in any case been in the throes of a major expansion at a time when capital costs have been rising sharply. *Deelkraal*, another *Gold* Fields mine, started production in January, at an initial milling rate of 50,000 tonnes of ore a month, Mr. R. A. Plumbridge, the chairman, reported to shareholders. But the capital cost was R140m instead of the R85m estimated in 1974.

Seen in a shorter perspective, the rapid rise and decline of the gold price caught the industry by surprise as much as anybody else. The revenue received from sales above $600 was welcome of course, executives said, and there is no *doubt that the mines will* have exceptionally good first quarter figures.

But the realisation that such figures may not be repeated in the second quarter has forced the industry to abandon any illusions that the bonanza might be more than temporary. And certainly the high price of gold had its own dangers.

The jewellery industry, traditionally the *major* buyer of gold, abandoned the market when the price was moving up to $600 an ounce. There is now some hope that jewellery manufacturers, whose inventories have been run down, might start re-stocking, the executives said.

It is because of the jewellery industry's role on the market that the gold producers have always preferred a steady rise in the bullion price rather than the sharp movements which have become routine in recent weeks.

The producers have been quick to point out that the rise in the bullion price has also been very much to the benefit of the State. Although the current system of taxation allows for generous capital allowances and for assistance when mines are in financial trouble, it creams off a high percentage of the profits when times are good.

The gold industry is hoping for some relief in this month's budget—"a meaningful step in the direction of reducing the inequitable burden of taxation on the gold mines," as Mr. Plumbridge put it in his capacity as chairman of East Driefontein.

"This company's incremental rate of tax and lease for increased profits arising from increases in the gold price is *67.8 per cent. This compares* with the rate applicable to all companies, other than gold and diamond mines, of 46 per cent," he said.

● Vlakfontein is recommending a further repayment of capital of 10 cents a share, reducing the issued capital to 70 cents from 80 cents a share.

FALCONBRIDGE: CHALLENGE FOR NICKEL GROUPS

The international nickel industry is in much better shape to face the dual challenge of an anticipated small downturn in consumption this year and an increase in demand during the following years, according to Mr. W. G. Dahl, president of Falconbridge International, reports John Soganich from Toronto.

Last year the industry completed its recovery "from three years of disarray," Mr. Dahl told the National Association of Recycling Industries in San Francisco.

Although existing and proposed capacity in the industry should cover overall nickel requirements to 1985 there could be local or temporary shortages in response to rapid escalation of demand, he said.

During the 1970s, Mr. Dahl noted, the cost of new nickel capacity had tripled to $9 a lb, yet this *figure does not* provide for a refinery. "If anyone were contemplating a major new integrated nickel *facility today* he would have to count on much higher *investment* costs per lb of annual *capacity*," Mr. Dahl said.

Falconbridge International is the marketing arm of Falconbridge, the second largest Canadian producer.

AMCOAL EXPECTS TO CONSOLIDATE THIS YEAR

Amcoal, the Anglo American Corporation of South Africa subsidiary, expects to consolidate this year after major growth in turnover and tonnage produced in 1977 and 1978.

The group expects domestic sales to be at much the same level as last year. But prices in the export markets could rise, according to Mr. W. G. Boustred, the chairman, in his annual *statement*, published yesterday.

For steaming coal "pricing headway will be made under medium to long-term contracts with established customers," Mr. Boustred said. Pressure from rising steaming coal prices can be expected to push up metallurgical coal prices.

Amcoal's reserves increased last year by 995m tonnes to 7.7bn tonnes, and it is estimated that the target of securing reserves of more than 9bn tonnes will be met by 1982. This year coal rights in a further 500m tonnes are *expected* to be purchased.

Last year Amcoal had net profits of R71.7m (£40m) and sold 33m tonnes of coal and coke, 23.6 per cent more than in 1978 and 32 per cent of total South African coal sales. Amcoal's export sales were 6.7m tonnes.

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C F.280	—	—	3	2.10	—	—	F.359
AKZ C F.32.50	17	1.50	5	2.50	—	—	F.22.80
AKZ C F.25	32	0.20	25	0.90	81	1.40	"
AKZ C F.27.50	3	0.10	9	0.40	32	0.60	"
AKZ C F.22.50	—	—	5	1.20	—	—	"
AKZ P F.25	111	2	10	2.50	24	2.90	"
AKZ P F.27.50	2	4.50	40	4.70	—	—	"
HEI C F.63	—	—	30	2	10	3.30	F.60.20
HEI P F.65	10	5.30	—	—	—	—	"
HO C F.20	—	—	—	—	6	1.20	F.12.30
IBM C $63	—	—	8	3½	—	—	$60
IBM C $70	10	½	—	—	—	—	"
KLM C F.60	10	5.50	20	6.50	5	9.10	F.63.80
KLM C F.70	35	0.60	3	5.50	20	5	"
KLM C F.80	33	0.10	23	0.80	7	3	"
KLM C F.90	—	—	20	0.20	—	—	"
KLM P F.60	55	1.90	33	3.80	—	—	"
KLM P F.70	94	7	2	8.20	—	—	"
KLM P F.80	33	15.30	12	16.30	—	—	"
KLM P F.90	2	26	—	—	—	—	"
NN C F.100	2	5.30	—	—	—	—	F.103.50
NN P F.110	—	—	7	2.30	—	—	"
NN C F.115	—	—	60	1.30	—	—	"
NN C F.120	—	—	—	—	20	1	"
NN C F.110	10	7	—	—	—	—	"
PHI C F.17.50	—	—	20	1	88	1.50	F.17.80
PHI C F.20	—	—	8	0.40	19	0.80	"
PHI P F.17.50	—	—	—	—	20	1.20	"
PHI P F.20	—	—	—	—	20	2.70	"
FRD C $20	2	1⅝	—	—	—	—	$20
RD C F.140	1	14.50	53	14.50	1	19.50	F.131.10
RD C F.145	85	9.20	—	—	25	15	"
RD C F.150	522	5.50	171	8.50	82	11	"
RD C F.160	581	1.60	450	3.70	2	6.50	"
RD C F.170	210	0.40	499	1.20	55	5.60	"
RD P F.140	338	0.80	3	3	59	4	"
RD P F.143	941	2.50	28	5.50	10	6.50	"
RD P F.150	712	4.40	115	7.80	6	10.30	"
RD P F.160	318	9.80	45	14	—	—	"
RD P F.170	6	12	51	20	5	24	"
UNI C F.110	2	1.70	—	—	1	6	F.105.20
UNI C F.113	—	—	2	2	2	3	"
UNI C F.120	—	—	60	0.80	—	—	"
XON C $56	6	5¾	—	—	—	—	$60⅞
XON C $60	2	2⅛	—	—	—	—	"

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
BA C $50	3	10⅛	—	—	—	—	$58
BA C $70	—	—	—	—	5	3⅛	"
DXY C $30	20	1⅞	—	—	—	—	$25⅝
SIE C DM.280	20	2.70	—	—	40	16	DM265
SIE C DM.280	13	1	—	—	—	—	"
SLB C $100	8	10¾	—	—	—	—	$103½
SLB C $110	4	5¼	—	—	—	—	"
SLB C $120	48	2½	6	6⅛	—	—	"
VEB C DM.150	20	3	—	—	—	—	DM160.10

TOTAL VOLUME IN CONTRACTS 6627

C = Call P = Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

Barratt Developments Limited

INTERIM STATEMENT
FURTHER OUTSTANDING PROGRESS

The Barratt Group made further major progress during the six months ended 31st December, 1979, and ended the decade with its best ever half-year results. The following are the unaudited results of the Group:—

	Half Year ended 31st December 1979 £'000	Half Year ended 31st December 1978 £'000
Turnover	102,301	75,449
Net Profit	11,509	8,157
Taxation	2,300	—
	9,209	8,157

The Group's position as Britain's major private housebuilder was *further consolidated with an increasing share* of the market with the newer subsidiaries in the South and the Midlands making an increasingly important contribution. In the Group's more traditional markets in the North and in Scotland, three recent acquisitions with a total cash cost of £6.5 million, will enable it to maintain its market leadership in these areas.

The policy of expanding the property investment portfolio continues to gain momentum and a substantial number of commercial and industrial projects will become income producing during the next eighteen months. The Group is on target to meet its objective of £3 million of property investment income by 30th June, 1981.

Other sectors of the Group's business also made progress. The property conversion company continues to expand, contracting is currently profitable though unlikely to make a *significant contribution* to the Group's annual result and the diversification into the leisure industry is at an advanced stage with construction due to commence this month.

During the period the Group has successfully concluded negotiations with the major clearing banks and now has available to it £30 million of term finance of between five and ten years at variable rates of interest in addition to substantial overdraft facilities.

These facilities taken in conjunction with the extremely strong land bank and buoyant demand for its products enable the Group to look forward with confidence not only to the end of its financial year, but well beyond.

An interim dividend of 3.5p net per share has been declared and this will be payable on 30th May, 1980, to shareholders on the register at close of business on 2nd May, 1980. This is an increase of 20% over the comparable dividend paid last year.

L. A. BARRATT, Chairman

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	69	Airsprung	69	—	6.7	9.7	4.1†
50	34	Armitage and Rhodes	34	—	3.8	11.2	2.2†
238	125	Bardon Hill	238	—	13.2	5.8	7.0†
100	84	County Cars 10.7% Pf.	84	—	15.3	18.2	—
107	83	Deborah Ord.	94	—	5.0	5.3	10.3
101	88	Frank Horsell	101	+1	7.9	7.2	6.3
129	98	Frederick Parker	98	−1	12.8	13.1	4.5†
156	102	George Blair	105	—	16.5	15.7	—†
68	45	Jackson Group	68	—	5.2	7.6	4.0†
153	113	James Burrough	115	—	7.2	6.3	10.1
300	242	Robert Jenkins	260	—	31.3	12.0	8.3†
232	175	Torday	218	—	14.3	6.6	5.7†
34	18¼	Twinlock Ord.	19	—	0.2	4.4	3.6†
80	70	Twinlock 12% ULS	77	—	12.0	15.6	—
56	25	Unilock Holdings	47	−1	2.6	5.3	10.0
90	42	Walter Alexander	90	—	4.4	4.8	6.0
190	138	W. S. Yeates	182	—	11.5	6.3	7.1

† Accounts prepared under provisions of SSAP 15.

AECI LIMITED

(Incorporated in the Republic of South Africa)

56th ANNUAL REPORT YEAR ENDED 31 DECEMBER 1979

Chairman's Statement

I am pleased to report that the Group's results for 1979 showed a significant improvement over those for the previous year. Turnover for 1979 totalled R896.0 million, an increase of R192.5 million (27.4 per cent) over 1978, while export sales included in the above amounted to R55.1 million (1978—R45.2 million). Net income before taxation for the year at R125.4 million increased by 31.6 per cent over the corresponding figure for 1978. Earnings per share improved from 38.4 cents to 51.5 cents and the ordinary dividend for the year has been increased from 22 cents to 30 cents per share.

As was the case in 1978, the assets and liabilities of foreign subsidiaries have not been consolidated and only income received by AECI in cash has been included in the income statement.

It is the policy of AECI to bring to account dividends from locally based investments in the year in which they are received. If "equity accounting" principles had been applied, and the net income from these companies attributable to AECI brought to account in the year in which it was earned, then the AECI earnings per share would increase from 51.5 cents to 59.8 cents (1978—from 38.4 cents to 40.5 cents).

For some years it has been the accounting policy to value stocks of raw materials and finished products in the Company on the last-in-first-out basis in order to eliminate from profits the effects of inflation in the value of stocks. In 1979 it was decided to extend this practice to all trading operations in the Republic. It is interesting to note that, mainly stemming from the sharp increases in the prices of oil-based raw materials, Group net income before taxation in 1979 would have been higher by R7.0 million (1978—R3.6 million) had the first-in-first-out method of accounting for stocks been used.

The marked improvement in the level of economic activity in the Republic is reflected by the increase of 12 per cent in domestic sales volumes with higher sales and profits having been recorded in all major business areas. It is particularly gratifying to report significant improvements in the profitability of Prolux (paint) and Duropenta (plastic pipes and fittings), both of which had felt keenly the recession in the building industry.

As I foreshadowed last year, the economics of Coalplex, the coal-based joint venture in which AECI owns 60 per cent and Sentrachem Limited 40 per cent, continued to improve. New export markets for PVC have been developed to replace the Iranian market and, with a hardening in selling prices which has accompanied the steadily increasing OPEC oil prices, significantly improved margins on exports have been achieved.

The continued growth in domestic demand over the past year has been such that plants manufacturing several important products, notably low density polyethylene and synthetic fibres, have been operating at full capacity. The Board has accordingly approved capital expenditure to increase production capacity in both these areas. The new polyethylene plant, which will be built in two stages at a cost of approximately R150 million, will have a rated capacity of 140 000 tons per annum. Additional spinning capacity at the Bellville plant, at an estimated cost of R40 million, will enable SANS to produce the wide variety of high quality yarns demanded by the South African textile industry and should provide adequate plant capacity for both nylon and polyester filament yarns for some years to come. Funds for both these projects and for other smaller capital additions and replacements will be provided from the Group's internal cash flow supplemented by borrowings. No significant change in the gearing ratio of the Group is foreseen as a result of this capital programme.

The oil crisis of 1973 emphasised South Africa's strategic vulnerability to interruptions in oil supplies. Since then the rapid increase in the price of oil and oil-based products has illustrated the importance to the chemical industry of reducing consumption of oil-based liquid hydrocarbon feedstocks. Over the past ten years the Group has increasingly based its new activities upon coal wherever possible. Thus it is now operating the largest coal-based ammonia plant in the world at Modderfontein and also the only world scale coal-based PVC complex. The wisdom of these investment decisions has been clearly demonstrated but a significant number of critical feedstocks are still derived from oil and, over the past year, these have been subject to unprecedented price increases not only in South Africa but throughout the world. Major research and development is accordingly being directed towards replacing oil-based feedstocks by indigenous raw materials based on either renewable resources or coal.

The production of ethanol from agricultural residues is being actively pursued since the conventional route by the fermentation of starch or sugar, is considered too costly. Ethanol and by-products produced by this technique provide interesting possibilities for the manufacture of ethylene and other intermediate chemicals used by the Group.

However, the major emphasis of the Group's development work will be in coal-based processes. Around the world there is growing interest in the use of methanol as a building block in chemical synthesis. AECI is currently the only company in the world to have a modern coal-based methanol plant in operation. With first-hand experience in this field and access to the leading low-pressure methanol technology the Group is in a unique position to move strongly into this field. Methanol can be converted catalytically to a variety of hydrocarbons and AECI is actively engaged in the development of this technology, mainly in the zeolite catalyst field, in terms of a development agreement with Mobil Corporation of New York.

South Africa is more favourably placed than most Western nations in having more than 70 per cent of its total energy requirements met by coal but still remains vulnerable in the area of liquid fuels. It is believed that methanol could have an important role as a fuel, particularly in its 100 per cent form, for use in custom-built spark ignition engines at higher efficiencies than petrol. Although there are still problems associated with the use of methanol in diesel engines, and also its commercial distribution, these are by no means insurmountable. AECI is already actively engaged in development work in these fields with encouraging results. There is also considerable scope for improvement in the effectiveness of methanol as a diesel fuel by the incorporation of suitable additives and AECI has filed patent applications in this regard. In this whole context the support and encouragement given to private enterprise by the Government in its recent policy statement is most welcome.

Selling prices of phosphoric acid on world markets have continued to harden and the profits of Triomf Fertilizer (Pty) Limited, in which AECI has a 49 per cent interest, improved considerably. Indications are that prices should remain firm for some time and, if allowance is made for steady growth in the domestic market, prospects for Triomf appear most favourable.

The shortage of skilled manpower remains a major cause for concern and could well prove to be the most serious constraint on the planned growth not only of the AECI Group but of the whole country. The acceptance in principle by the Government of the recommendations of the Wiehahn and Riekert commissions in regard to labour legislation and utilisation respectively must be seen as a major step forward but the need to implement these recommendations at the earliest possible date cannot be stressed too strongly. AECI's efforts in the fields of productivity and training are discussed in detail in the Directors' Report and in this context I am pleased to report that the Board has agreed to set aside one per cent of profits before tax and interest to be devoted to education and training of all AECI employees and also future entrants into the job market.

Under the more favourable economic climate now forecast and in the light of the many positive factors to which I have referred, it is expected that profits for 1980 will show a further substantial improvement.

Mr. R. Haslam, who joined the Board on 1 April 1978, resigned on 29 November 1979 in order to devote his full attention to overseeing the ICI group's growing interests in the United States. I would like to thank Mr. Haslam for the valuable contribution he made to AECI's affairs during the short period he was with us, to congratulate him on his appointment as a Deputy Chairman of Imperial Chemical Industries Limited and to wish him every success in his challenging new assignment.

On 31 October 1979 Mr. J. P. Wapenaar retired from the Company and resigned from the Board after completing over 42 years' service, the last ten of which were as an executive director. I would like to thank him for his considerable contribution to AECI over many years, particularly in the field of explosives, and to wish him and his wife a long and happy retirement.

Mr. G. C. Fletcher, Mr. W. R. Stephens and Mr. W. V. van der Byl also resigned from the Board during the year and I would like to thank all three of them for their services over a number of years.

I would like to welcome to the Board Messrs. A. W. Clements, J. A. Holmes, D. W. Swarhrick and J. C. von Solms and to extend a special welcome to Mr. W. B. M. Duncan, a Deputy Chairman of Imperial Chemical Industries Limited, who has been appointed Deputy Chairman of AECI.

Finally I am sorry to report that Mr. Guy Hughes, who was Managing Director of the Company from 1958 to 1966, died in England in January 1980 after a short illness.

H. F. OPPENHEIMER

Johannesburg
7 March 1980

COMPANY NOTICES

THE DEVELOPMENT BANK OF SINGAPORE LTD

(Incorporated in the Republic of Singapore)

US$60,000,000 6½% CONVERTIBLE BONDS 1991

To: All Bondholders

Further to the notice given to the Trustee and Paying Agents on 17th March, 1980, this is to inform all bondholders that the Transfer Books and Register of Members will be closed from 4.00 pm on 10th April, 1980, to the close of business on 19th April, 1980 for the purpose of determining shareholders' entitlements to dividends and to new shares arising from the announced Rights and Bonus Issues during which period the above Bonds will not be convertible.

BY ORDER OF THE BOARD

LIM SEAN TECK
Secretary
THE DEVELOPMENT BANK OF SINGAPORE LIMITED
18th March, 1980 Singapore Time

BIDS AND DEALS

Furness Withy buys 50% stake in French diving group

Houlder Offshore, a member of the Furness Withy Group, has acquired a 50 per cent stake in Comex Diving, a French company which employs 200 divers in the North Sea.

The two companies already have a close working association and will now form a joint enterprise called Comex Houlder Diving, with Mr. John Houlder, chairman of Houlder Offshore, remaining chairman of the new venture.

Houlder Offshore has also raised its holding in Comex Diving's parent company, Comex SA of Marseilles, from 2 per cent to nearly 16 per cent at cost of about £2.1m. It has acquired its 50 per cent stake in Comex Diving by paying £3.5m for half its equipment and through a share purchase worth about £250,000.

Staff of Furness Withy have been told that there will be no reduction in shipping tonnage under UK registration if the £96m bid for the group by Orient Overseas Containers of Hong Kong succeeds.

An agreement to this effect has been reached by Mr. Bryan Shaw, chairman and managing director of Furness Withy, and Mr. C. Y. Tung, owner of Orient. This was announced at yesterday's Press conference on the Comex deal.

In a letter to Furness Withy employees, Mr. Shaw added that Mr. Tung had also agreed that additional ships and offshore units could be expected to be acquired in due course for management by Furness Withy Group companies under the British flag.

BOUSTEAD PROPERTY DEAL IN SINGAPORE

Bousteadco Singapore, through its wholly owned subsidiary Boustead Trading Singapore Pte., is to acquire from Boustead Holdings Bhd the freehold title of Balmoral Park for S$5.8m (£1.19m).

The property, which is in a prime residential area of Singapore, comprises six acres of land and eight bungalow-type houses.

It was considered necessary for BCO to buy the property to secure the continuity of ownership within the Boustead group since, under the terms of the Singapore Residential Act 1976, BHB could not have retained ownership beyond 1983.

In the event of the property being sold at some future date, BHB will be entitled to receive 40 per cent of any profit arising from such a sale.

Nat. Carbonising raises Hampton Gold holding

National Carbonising, the public company which Mr. Graham Ferguson Lacey as chairman is turning into an energy investment vehicle, has increased its stake in Hampton Gold Mining Areas to 29.9 per cent.

Yesterday the company announced that it had bought a further 234,500 shares "because they became available in the market," following last week's purchase of a 25 per cent stake from the Bond Corporation of Australia.

There was no indication whether a full bid—mandatory under Takeover Panel rules once 30 per cent has been reached—is planned. However, a spokesman for Mr. Ferguson Lacey said that no approaches had been made to Hampton and this was also confirmed by Mr. James Ley, chairman of Hampton.

National Carbonising paid 325p per share for its original stake but the price of the latest purchase was not revealed. On Friday, Hampton's shares rose 17p to 372p but yesterday they shed 20p to close at 352p.

ABS BUYS MINI COMPUTER RIGHTS

Allied Business Systems (ABS)—the computer arm of Trafalgar House Group—has bought the manufacturing rights of the GRI 99 mini computer, the processor used in its Multibus and Molecular business systems.

Over the last 10 years, ABS's central processors have been supplied from the U.S. With its acquisition, ABS now has full control over the future development of its own processing products and has increased the British content of its business systems.

Following the reorganisation of its sales and marketing set-up, the company has restructured its Multibus and Molecular computer systems functions.

B. Wardle board backs probe into share dealings

The board of Bernard Wardle, the vinyl fabrics group, has added its own voice to those requesting an enquiry into dealings in its shares before Mr. Graham Ferguson Lacey's bid, a call which has now been heeded by the Stock Exchange.

Wardle, whose board recently gave the 33p cash per share offer a lukewarm recommendation, wants dealings probed for the period between January 25 and 29, the day on which Mr. Lacey announced his bid.

"The Stock Exchange is starting enquiries, and this action is welcomed by the company," the company said yesterday. Mr. Dafydd Wigley, the Plaid Cymru MP for Caernarvon, where Wardle plans to close down a factory, has also asked for the transactions to be looked into. The Government is considering whether to make its own investigation under the Companies Act.

DELSON CAUTIOUS ON DIVIDEND

In Delson and Company's official offer document relating to the agreed bid from McKechnie Brothers, the directors of Delson say they view the prospects for an interim dividend with caution.

They are unable to comment on trading results for the half-year, which are in the process of being prepared. However the engineers' strike in August and September seriously affected all three factories, they state, and the effect of the steel strike is still unknown.

Last year, Delson paid dividends totalling 1.8p with a final of 1.1p.

LONDON AND NORTHERN

Coopers Marshgate (Holdings) and Coopers (Metals) are to purchase the freeholds of the principal properties owned by them and Coopers (Swindon). The buildings are held under lease from Mr. J. Cooper and Mr. R. Cooper, both directors of London and Northern Group.

The consideration, which is subject to shareholders' approval, is for £1.4m which is in accordance with independent valuations.

Both Coopers (Metals) and Coopers (Swindon) are wholly-owned subsidiaries of Coopers Marshgate, in which United Scrap (Holdings), a wholly-owned subsidiary of London and Northern, holds a 75 per cent interest.

DCM receiver approves Aurora companies sale

Dunbee-Combex-Marx BV in the Netherlands has accepted an offer for the acquisition of the Aurora Products distributor companies, in Canada, Singapore and the Netherlands.

The offer was made by a company representing the interests of the Aurora management. Aurora manufactures model car racing sets.

The offer has the approval of the receiver of Dunbee-Combex-Marx in London. The company went into receivership last month, following its failure to extricate itself from loss-making activities in the U.S.

Mr. Peter Craig, managing director of Peter Pan Playthings, UK licensee for Aurora AFX road sets, said yesterday that with this deal "the continuation of supplies is now confirmed for the future."

TUBE INVESTMENTS

Tube Investments sold its 15 per cent stake in Tubemakers of Australia for A$23m (£11m and not A$18m as reported last Saturday.

UNILOCK/ERGONOM

Unilock Holdings has announced the terms of its agreed bid for Ergonom International Holdings.

Unilock is offering 440 new 10p shares for each £1 share in Ergonom, which has an issued capital of 5,000 fully paid shares. This exchange will require the issue of 2,200,000 new Unilock shares.

A further condition of the bid is that an additional 50,000 new Unilock shares should be allotted to Unifor Emme SPA, the Italian manufacturer of furniture for Ergonom.

Unilock shares are currently trading on the over-the-counter market at 48p, which values Ergonom at £1.08m.

Unilock reported sales of £11.2m and profits before tax of £1.37m in the year ended March 31, 1979, while Ergonom had sales of £2.6m and pre-tax profits of £386,000 in the year ended May 31, 1979.

In the current year, Unilock is anticipating pre-tax profits of £1.5m while Ergonom is forecasting £470,000.

KARTRET PANELS ACQUISITION

Kartret Special Panels, a subsidiary of the Charterhouse Group, has acquired the electrical division of Ballard (Winchester) whose main activity is construction of motor control panels.

Manufacture will continue under the Ballard name in enlarged premises at Winchester, thereby adding to the product range of switchboards, rising main systems and packaged substations made at Kartret's Croydon works.

SHARE STAKES

Wilshaw Securities—Mr. J. R. Shaw, director, has disposed of 10,000 shares reducing his holding from 12 per cent to 10 per cent.

Crest Nicholson—Mr. B. A. Skinner, director, has disposed of 30,000 ordinary, as a beneficiary.

OIL and GAS NEWS

Another oil-shale deposit find in Queensland

ANOTHER OIL-SHALE deposit, possibly as large as the Rundle deposit, has been found in Queensland, Australia, according to Mr. Ron Camm, Queensland's Minister for Mines and Energy. The deposit is located near Yaamba, 35 km north of Rockhampton in central Queensland.

Mr. Camm said that at present an area of 6 sq km has been defined, averaging 91 litres of oil per tonne.

The deposit is open on several sides at the present stage of exploration and therefore could be considerably larger than initial estimates.

Results of exploration to date have been most encouraging, according to Mr. Camm, who added that exploration is being accelerated.

Exploration work is being carried out as a joint venture between Central Oil Shale Proprietary and Peabody Australia. The latter is a unit of Peabody Coal of the U.S.

Sharp rises in crude oil prices have led to much increased interest in the commercial development of oil from shale but there are many technological difficulties in the extraction process.

The Rundle deposit, south of Rockhampton and about 20 miles north west of the coastal town of Gladstone, is estimated to contain between 1.3bn and 2bn barrels of recoverable reserves, and recently attracted the attention of many of the world's major oil and natural resources companies including Broken Hill Proprietary, Conzinco Riotinto and British Petroleum.

Exxon of the U.S. recently won the race to finance development of the Rundle project and is to take a 50 per cent stake in the venture.

* * *

Three Calgary-based companies have proposed stock splits, reports John Soganich in an oil and gas round-up from Toronto. Husky Oil proposes a seven-for-one split, CanDel Oil a three-for-one and Merland Explorations also a three-for-one.

Meanwhile, Canadian Reserve Oil and Gas, now a unit of Getty Oil, reports 1979 profits of C$8.2m (£3.14m) compared with C$6.9m in 1978. Revenue rose to C$32m from C$23.8m.

Ranger Oil (Canada) attributes the big improvement in 1979 results to start-up of production from the Ninian field in the North Sea. Profit was U.S.$10.9m (£4.92m) against a loss of U.S.$3.8m in 1978. Revenue rose sharply to U.S.$70m from U.S.$9.5m.

Meanwhile profits at Bow Valley Industries increased to C$16.4m (£7.4m) from $14.3m in 1978.

* * *

Haoma North West Energy, the overseas exploration unit of Australia's Haoma Gold and North West Mining, has announced two further gas discoveries in North America in which it holds minority interests.

The first, in Alberta, Canada, flowed at a rate of 2.6m cubic ft of gas a day from a net 12 ft of sands. Haoma North West has 7.4 per cent of the discovery and the consortium drilling the well has bid for adjacent acreage.

The second, in which Haoma North West has a 5 per cent interest, is in the Warrior Basin in Alabama, U.S.A. The Fowler 23-15 well has been completed as a gas producer with 14 ft of net sands.

Montagu Boston progresses

Second-half pre-tax profits of Montagu Boston Investment Trust improved slightly from £143,695 to £149,652, giving figures for the year to January 31, 1980, up £39,857 to £308,852. After all charges, including tax £158,314 against £139,876, net profit was up from £129,119 to £150,538.

The dividend is increased from 0.875p to 1.05p. Net asset value per 10p share is down from 59.75p to 56.875p.

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)

Extracts from the review by the Chairman Mr. W. G. Boustred

The profit attributable to Amcoal shareholders for 1979 increased by 24,2 per cent and as a result the Group's earnings have continued to show satisfactory growth. The operating profits of both the coal mining and the industrial divisions increased by 26 per cent but the overall growth for the Group was reduced by a decrease in investment income and higher net interest charges.

Turnover for the Group increased by 25,2 per cent to R386,2 million and its operating profit of R116,4 million was 25,9 per cent above that for 1978. The profit before taxation was R106,6 million compared with R87,6 million for the previous year while the total charge for taxation fell from 34,7 per cent to 32,7 per cent.

Profit after taxation was R71,7 million, 25,4 per cent above that for 1978, and after deducting R6,2 million for minority interests the profit attributable to Amcoal shareholders was R65,5 million. These earnings represented 278,9 cents a share compared with the 224,5 cents earned in 1978. Dividends totalling 90 cents a share (1978: 72 cents) have been declared. These dividends were covered 3,1 times (1978: 3,1) by earnings.

COAL MINING ACTIVITIES

The Group's coal mining division sold 33,0 million tons of coal and coke during the year which generated a *turnover of R310,1 million and an operating profit of R99,5 million.* These results are significantly better than the sales of 26,7 million tons, turnover of R244,0 million and operating profit of R79,0 million recorded in 1978. These improvements can be attributed to the successful build up of production at both Kleinkopje and Kriel collieries, and to the higher level of coal sales in both the domestic and export markets.

The most important development in the Group's coal mining division during the year was the award to Amcoal by Escom of two out of the three contracts for coal supplies to new power stations.

The Group's net expenditure on coal mining assets at R55 million was at a somewhat lower level than during the previous two years. The major net expenditures during 1979 were again at Kleinkopje and Kriel collieries.

At the end of the year Amcoal's collieries had capital *expenditure programmes estimated to cost R371 million in* 1979 money values compared with R124 million at the end of 1978.

Group sales of coal and coke for the year under review totalled 33,0 million tons which was 23,6 per cent higher than the 26,7 million tons sold in 1978 and represented approximately 32 per cent of total South African coal sales.

Power generation

Group collieries supplied 21,6 million tons of coal to Escom power stations in the Transvaal and Orange Free State during 1979, an increase of 4,6 million tons or 27,1 per cent over the previous year. This increase is mainly attributable to the higher output at Kriel.

In response to an enquiry by Escom for coal supplies to proposed new power stations, five tenders were submitted by Amcoal. Amcoal's success in winning two of the three contracts awarded by Escom reflects great credit on the *technical and financial expertise within the Group and* rewarded the very considerable effort that went into the preparation of the tenders.

The first station, Tutuka of 1 800 MW, is to be supplied from the New Denmark coalfield, situated between Bethal, Standerton and Greylingstad. At full output the colliery, which will be called the New Denmark Colliery, will supply approximately five million tons a year. Production is expected to commence during 1984 to meet the planned commissioning of the first generating set during 1985 and full production is forecast to be achieved during 1987.

Amcoal is to supply a second 1 800 MW power station from its Cornelia coalfield, some 15 kilometres south of *Vereeniging where a combined underground and opencast* colliery is to be established. This colliery, to be named the New Vaal Colliery, is expected to commence production in the latter part of the 1980s and, at full output, will supply approximately 6,5 million sales tons *to the power station* each year.

The combined cost of developing the collieries to supply the first 1 800 MW phase of Tutuka and the 1 800 MW power station at Cornelia has been estimated at R210 million in 1979 money terms. It is anticipated that 60 per cent of the cost to completion of the two collieries will be funded by Amcoal.

Export and domestic trade

The Group's export collieries maintained high levels of production and railed a total of 6,7 million tons of steam and metallurgical coal to Richards Bay during the year. Of this, 5,6 million tons was sold *through the Transvaal Coal* Owners Association (TCOA) which constituted approximately 50 per cent of that association's 1979 export tonnage railed from the coalfields. The remaining 1,1 million tons constituted *sales to Shell Coal South Africa* from Kleinkopje Colliery for export in terms of Amcoal's own export authority.

Sales by TCOA to the domestic market once again *declined. While sales to general industrial users were main*tained at previous levels, there were reductions in sales to Escom, the SAR and the cement industry. Escom is progressively decreasing its usage of coal at the older *power stations particularly those in the Cape as the large* Eastern Transvaal power stations are commissioned.

Productivity and labour

The total output from Group collieries increased by *23,4 per cent from 26,8 million tons in 1978 to 33,1 million* tons in 1979. Productivity increased by 30,5 per cent, from 96,3 sales tons per employee per month to 125,7 sales tons, reflecting both the increased sales tonnage of 23,4 *per cent and a further reduction of 4,8 per cent in the* number of employees. The coal produced by handgot methods was reduced by a further 15 per cent and the tonnage mined by mechanised operations increased to 88 *per cent of the Group's total production.*

The Wiehahn Commission has yet to report in detail on the mining industry but its findings in this regard are expected to be published during 1980. Clearly, this second report will have an even greater importance to the Group, particularly as it is expected to deal with the discrimination still entrenched in the Mines and Works Act of 1926 which for example does not allow a black worker to hold a blasting certificate.

The Group is confident that methods can be found to increase both the skill levels and job opportunities of all its employees. This will certainly have to be done in close co-operation with employee representatives.

Wage increases were granted during the year to both *white and black employees at the Group's collieries. It* remains Amcoal's objective to grant pay increases to black employees who occupy the lower paid jobs in the industry which, over a reasonable period, will close the gap which *exists between pay in the mining industry and that in com*parable jobs in heavy industry.

In terms of the Group's industrial relations programme, efforts are being made to improve employee/management relationships through communication, consultation and the resolution of grievances and disputes. To this end bi-annual audits to assess progress in these areas are conducted at all the Group's collieries.

Reserves

Amcoal's proven reserves owned and available for exploitation were increased during 1979 by some 995 million tons to 7,7 billion run-of-mine tons. Additional options over 13 000 hectares were acquired and it is anticipated that the target of Anglo American Corporation, and its associates in this programme, of securing in excess of nine billion run-of-mine tons of proven coal reserves in consolidated coalfields will be met by the end of 1982. In *the forthcoming year it is anticipated that coal rights to a* further 500 million tons will be purchased.

New schemes to further increase Amcoal's ability to supply coal competitively on a wide geographical basis by *improving the strategic siting of reserves will be introduced* in 1980.

FURTHER EXPANSION OF COAL EXPORTS

The most recent events in the oil market have highlighted not only the limited nature of the physical oil resources of the world and the rapidly escalating price of the commodity, but also the political instability of the major oil producing regions. This realisation has produced positive results from energy importing countries in terms of substituting coal for oil in industrial applications as well as major commitments to convert oil fired power stations to coal firing together with definite plans to build new coal burning capacity. It has taken a considerable period of time for the world's energy users to realise that coal can provide a viable alternative for power generation. In most cases coal together with uranium will provide the energy for the future growth of world electricity supplies.

*Amcoal is well placed to take advantage of these devel*opments as it has, in addition to its participation in TCOA exports, an export permission in its own right of six million tons of coal a year for 30 years. Of this allocation 2,5 million tons a year form part of the Phase II export programme and capacity for this participation has already been established at the Kleinkopje mine. The additional 3,5 million tons a year will form part of the Phase III expansion programme which will carry the Republic's coal exports through Richards Bay to a maximum of 44 million tons a year. Feasibility studies for this programme are now in hand in respect of the necessary coal mining capacity and the associated railway and port handling facilities.

LIQUID FUEL PRODUCTION FROM COAL

Recent events have emphasised the wisdom of the Government's decision to proceed with the Sasol expansion programme and those concerned with this vital *project are to be congratulated on the excellent progress* made in the construction of Sasol II and III.

However, in view of the country's substantial coal reserves and the need for South Africa to become even more independent of imported liquid fuels, the participation of the private sector in the production of these fuels has now become necessary.

With this in mind Amcoal, in co-operation with other major South African interests will *be examining the* possibility of manufacturing Methanol from coal and the Government's recent announcement encouraging the development of this process is welcomed.

FUTURE PROSPECTS

Both the coal mining and the industrial divisions are forecasting a successful year in 1980, with the emphasis on consolidation after the major coal tonnage increase and growth in turnovers *achieved during 1979.*

Domestic sales by the TCOA are expected to be at the same level as those experienced last year, whilst conditions in the export market for steaming coal are expected to firm *and pricing headway will be made under medium to long*-term contracts with established customers. Metallurgical coal prospects in the world steel industry are less certain as prices for this coal have for some time been on a plateau. *Nevertheless these prices are now becoming exposed to* the pressure of the rising level of world steam coal prices and consequently some price advance can be expected.

The Group continues actively to develop its plans for participation in the Phase III export programme and the detailed planning of the New Denmark and New Vaal Collieries will place considerable demands on the Group's management during 1980. However, the new investment *opportunities* that have been made available by these three major projects will ensure a growth in earnings in the years that lie ahead.

The 81st annual general meeting of Anglo American Coal Corporation will be held in Johannesburg on April 15th, 1980. Copies of this review and of the annual report are obtainable from the London office of the company at 40, Holborn Viaduct, EC1P 1AJ, or from the transfer secretaries: Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

INTERNATIONAL COMPANIES and FINANCE

AMERICAN NEWS

Strike at Allis-Chalmers could soon be settled

BY STEWART FLEMING IN NEW YORK

A STRIKE by the United Auto Workers against the farm and industrial equipment manufacturer Allis-Chalmers over a new three-year contract appears to be heading for a settlement, the company disclosed yesterday.

The strike, which began on February 22, is one of a series of disputes which broke out in the farm and industrial equipment industries in the wake of the United Auto Workers' pattern-setting agreement with General Motors last September.

Several companies appear to have decided that they were not prepared to match the generous terms of that agreement without trying to win some concessions from the union. Some, including the agricultural equipment manufacturer John Deere and the railroad and automotive equipment manufacturer Budd, have already reached agreement with the UAW.

But International Harvester, which suffered a $222m loss in its first quarter because of a UAW strike, has still not settled its dispute, which has been running for more than three months.

The Allis-Chalmers strike covered only a small proportion of its U.S. workforce, some 3,000 employees who are members of the UAW. The terms of the agreement have not yet been disclosed. The company said last week that its first quarter earnings would be seriously affected by the strike.

Banks in Nicaragua debt talks

BY WILLIAM CHISLETT IN MEXICO CITY

A STEERING committee of 12 foreign bankers is to meet Nicaraguan officials in Managua tomorrow to hammer out the restructuring and refinancing of $490m owed to some 90 private banks.

Nicaragua inherited a public and private foreign debt of $1.65bn from the Somoza regime, which was overthrown last July by the Sandinista guerrillas in a broad popular alliance.

Of the total debt, $1.26bn is owed to foreign banks, governments and multilateral financial organisations by the state, and $490m of this is owed to commercial banks. No interest has been paid for over a year, and some $250m of the $490m was due to be repaid in 1979.

The banks with the largest exposure in Nicaragua are the First National Bank of Chicago, Bankers Trust, Citibank, Bank of America, the Royal Bank of Canada, Lloyds Bank International and Sanwa Bank.

Until tomorrow's meeting, all contacts have been of an informal nature, with neither side stating its position clearly. Nicaragua says that it has every intention of honouring its debts, except for those contracted for "dubious purposes" by companies belonging to Somoza, the former dictator, all of which have been nationalised. This amount is not known, and is not included in the $490m.

The first round of serious talks, according to Nicaraguan officials and bankers, will centre on the desire of bankers for the IMF to be involved in some way in helping to reconstruct the shattered Nicaraguan economy, and Nicaragua's wish to obtain a grace period for interest repayments and an extension of the debts.

Nicaragua has the right to draw on $1m SDRs from the IMF, but does not want to use them for debt repayment purposes. The country would like to start interest payments after 1982, and to extend the debt for 15 years. Bankers would like Nicaragua to start interest payments this year.

Nicaragua estimates that its imports this year will cost $700m, and its crop exports will bring in only $350m. The country's gross international reserves, which stood at a mere $3.4m when Somoza fled the country, are now $175m, as a result of concessionary financing by the World Bank, among others. This year's current account deficit is projected at $250m.

AP adds from Moscow: A Nicaraguan Government delegation, headed by leaders of the Sandinista Liberation Front, was scheduled to arrive in Moscow yesterday, Pravda reported. The Communist Party daily said that the Nicaraguan leaders would be in the Soviet Union at the invitation of the Communist Party Central Committee and the Soviet Government.

Meanwhile, President Lidia Gueiler of Bolivia has said that her country will demand a renegotiation of its foreign debt, which is put at more than $3bn, writes Hugh O'Shaughnessy. Debt renegotiations were started in December with the "Paris Club" of the World Bank.

Bolivia is expected to have to devote more than 40 per cent of its export revenues to debt servicing this year. The country's trade deficit last year is put at $250m, compared with $32m in 1977.

McCormick directors meet on Sandoz bid

By Ian Hargreaves in New York

THE BOARD of directors of McCormick spice company were meeting yesterday afternoon to consider a $420m merger bid from Sandoz, the Swiss conglomerate.

The war of words between Sandoz and McCormick's senior management continued through the weekend, with Sandoz claiming that the U.S. company's top executives might not present a fair account of the offer to the board.

Sandoz is also concerned that its offer might not receive fair consideration from McCormick's directors as they are all employees of the company.

Dr. Yves Dunant, chairman of Sandoz, and Mr. Harry K. Wells, chairman of McCormick, were expected to meet in the course of today, but the Swiss executives have apparently been told that they cannot meet the full board of this Maryland-based spices company. Dr. Dunant has angered the management of McCormick by writing directly to board members expressing his concern about the presentation of the terms of the offer.

Another problem for Sandoz is that the Attorney General of Maryland announced at the end of last week that his office was looking at possible anti-trust considerations in the deal. Sandoz has been asked to submit certain documents.

Sandoz, which is based in Basle, has just reported 1979 earnings up 11 per cent to $98m, on sales of $2.52bn.

AMF sees higher profit

LOS ANGELES — AMF, the leisure and industrial products group, expects that net income for the 1980 first-quarter will be "up slightly" from the 53 cents a share earned a year ago, according to Mr. Ray A. Tritten. He made no forecasts for the year, except to say that he was "comfortable with the outlook." AMF earned $2.59 a share in 1979.

Mr. Tritten said AMF's bowling equipment sales and leases will be affected by the high interest rates. However, the company's international bowling business should be up significantly, with excellent growth in the Far East, Australia and Europe.
Reuter

Macmillan loss

A net loss of $56.02m, equal to $4.52 a share, is reported by Macmillan, major publishers of text books and encylopaedias for its latest fiscal year, against a profit of $21.9m or $1.71 a share previously, on sales up from $471.7m to $529.8m, Reuter reports from New York. The latest figures, however, include a $53.8m provision for estimated losses on the disposal of certain operations

Armco takeover

ARMCO, the special steels group, has signed a definitive agreement for the previously announced acquisition of American Druggists Insurance through an exchange of stock valued at $18m, Reuter reports from Ohio. Under the terms of the merger, each of the 200,000 American Druggist shares will be converted into Armco shares equal to a market value of $90.

Charter deal off

Occidental Petroleum has pulled out of a $500m deal to sell its Permian subsidiary to Charter Company, the Florida-based group which is prominent in the oil industry, writes our Financial Staff. The two companies announced an agreement in principle for the deal last month. Occidental was going to use the $300m cash that it expected to receive for balance sheet purposes, such as reducing debt.

Bangor Punta boost

The sale of almost 6,000 acres of farm land grazing and farm land will add $1.10 a share to 1980 net earnings of Bangor Punta, the diversified industrial concern, writes our Financial Staff. The company said yesterday that the sale is the first step in a previously announced plan for its agricultural divisions to phase out farming operations and concentrate on cotton processing and grower services. The price of the deal and the identity of the buyer were not disclosed. Bangor Punta earned $5.95 a share in 1979 and has forecast $6.50 for this year.

Philip Morris confident

Philip Morris, the cigarette manufacturer and second largest U.S. brewer, expects a "satisfactory" first quarter, according to Mr. Ross R. Millhiser, vice chairman, Reuter reports from Los Angeles. Earnings in the first quarter last year were 88 cents a share on revenues of $1.9bn.

FOREIGN ACQUISITIONS IN THE U.S.

Prospects after the Carter package

BY WILLIAM COCHRANE

THE CARTER PACKAGE and its "voluntary Special Credit Restraint Program" have been seen as a setback for European takeover ambitions in the U.S.

This may be so. If U.S. bankers are told "to discourage financing of corporate takeovers or mergers," the foreign predator will have more problems than his U.S. counterpart. Bank-financed cash bids are one thing, but other U.S. sources like insurance companies and pension funds are expensive, while paper bids are something completely different: registration of foreign buyers' securities with the Securities and Exchange Commission is not something that a U.S. lawyer would lightly advise.

However, foreign and U.S. bidders alike are faced with a recent U.S. inflation rate of 18 per cent and a prime borrowing rate which is widely forecast to rise to the 20 per cent mark. These, by definition, have their impact on the offeree company as well as the offeror; the question, then, is whether they are seen as borrower, or as an opportunity.

It so happens that, in London last week, PA International Management Consultants of London and O'Conor International of Boston, Massachusetts, presented a conference on foreign acquisitions of U.S. companies.

Soaring inflation, a high prime rate and a block on U.S. bank lending for takeovers were on the agenda then—along with the thought that a rising dollar, set against foreign currency takeover borrowing, could make sweet music for an overseas bidder as the net value of his U.S. investment appreciated.

In the meantime, Mr. William H. Burgess, chairman of International Controls Corporation, the U.S. aerospace and industrial products manufacturer rescued from Robert L. Vesco, put the costs and risks in perspective with his idea of the necessary returns: his company, he said, aimed for a 25 per cent return on capital employed and, coincidentally, the same growth rate in sales and profits on its acquisitions.

However, more than one speaker emphasised that these returns would not be achieved by charging merrily into the U.S. stock markets. Mr. Charles W. O'Conor, who specialises in designing and implementing acquisition and merger programmes, noted that there are some 3.3m private or closely held (that including not actively SE-traded) companies against 20,000 traded on the U.S. stock exchanges.

Numbers apart, Mr. Russell J. Warren, the partner in charge of merger and acquisition services for U.S. accountants Ernst and Whinney, was cold on the concept of "cheap" quoted companies. They are a source of very active study by U.S. bankers and their U.S. corporate clients. Computer-oriented data bases, said Mr. Warren, track some 6,000 companies, which means a lot of competition for victim companies, with lots of corporate trackers paying for the computer data.

Summing up, the opportunities—given that there are 3.3m of them—seem almost more of a problem than the barriers. Perhaps we should leave the last, ironic, words to Mr. Burgess: "Foreign management may underestimate the need for itself to become heavily involved in the acquisition process."

INTERNATIONAL BONDS

U.S. measures bring widespread price falls

BY OUR EUROMARKETS STAFF

INTERNATIONAL bond prices were marked down in all major currency sectors except sterling on the first day of trading after the U.S. economic package. Trading was light, however, as dealers tried to assess the impact of the measures.

Bond houses and investors were awaiting a further lead from New York in interpreting the package, and markets in Europe got off to a hesitant start yesterday morning.

Straight dollar bonds opened mixed, shorter dated issues shed ¼ of a point, while longer dated ones moved up by a similar amount. However, prices fell back after New York opened a full point down across the board. While short dated straight dollar Eurobonds closed virtually unchanged, longer dated ones posted falls of around ¾ of a point.

In the Floating Rate Note sector, the coupon on the recent BNP 1987 issue was set at a record 20⅛. Most FRN issues posted slight falls, with the exception of those which are due to have their coupons re-set soon.

In the Swiss market, another new issue fell sharply on its first day of secondary trading. This time it was the turn of the European Investment Bank's SwFr 80m bonds, which shed five points on their 98½ per cent issue price.

Elsewhere in the secondary market, prices were down by an average of ½ point. Dealers said that the market was not helped by the rise in Eurodollar rates and the strength of the dollar on foreign exchanges. A note of gloom for bonds was injected by a statement over the weekend from Dr. Fritz Leutwiler, president of the Swiss National Bank, who said he expected the dollar to firm this week as a result of President Carter's package.

In the foreign D-Mark sector, a DM 200m public issue for the Kingdom of Sweden was launched through Deutsche Bank. The terms of this bond, which are fixed, include a seven-year bullet maturity, a coupon of 9¾ per cent and a final price of par.

This is somewhat unusual for a foreign D-Mark bond issue, but a firm issue price should make the bonds more attractive to domestic German investors, for whom the borrower is a well-known name, and for large institutions who will be able to calculate exactly what the yield of the paper is.

As with the recent DM 80m public issue for the City of Oslo, which it also managed, Deutsche Bank has taken steps to control the distribution of the issue.

The underwriting agreement allows Deutsche Bank to recover from any underwriters who dump bonds in the open market the full amount of the 1½ per cent selling concession. This agreement is valid for three months from the date of issue of the bonds.

Foreign Deutsche Mark bonds shed about ½ point on the day, in what dealers described as thin trading. Guilder-denominated bonds also posted falls of about ¼ point on the day. French franc bonds were unchanged on the day, while sterling-denominated issues posted gains, in some instances of around one point.

Strike slows growth at Kroger

—NEW YORK — The supermarkets concern Kruger Company expects first quarter earnings to be flat or slightly below last year's record, according to Mr. Lyle Everingham, chairman. In the first quarter of 1979, Kroger earned $15.5m or 57 cents a share, adjusted for a two-for-one stock split in 1979 and the adoption of the LIFO method of valuing stocks during the year. The accounting change reduced 1979 first quarter earnings by $4.2m or 15 cents a share.

Mr. Everingham said that sales in the first 10 weeks of 1980 ran more than 13 per cent ahead of 1979's record first quarter, and the Super X drug stores were performing better than anticipated.

A strike that closed 50 stores in West Virginia for four weeks will have an impact on first quarter earnings, along with a slightly higher LIFO charge and inflationary increases in operating expenses, he said.

Kroger expects total external financing requirements over the next three years to be about $100m, but it may seek more. External financing will be raised whenever possible through industrial revenue bonds, tax shelter lease financing, and public or private bond financing. The company expects operating cash flow to continue to increase to the $250m level over the next few years.

Kroger said that it has taken a number of steps to improve operating results of its Super X drug stores. These include adding other health related departments such as optical and nutrition centres, and moving away from such things as hardware, automotive supplies, and house wares. The company also is considering providing dental services at its drug stores in the future.
Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	79¼	79¾	−0⅛	+1⅛	14.10
Alex Howden XW 9½ 91	30	†70	72	0	0	14.97
Australian Res. 9⅞ 94	30	84½	85	−0⅛	+0⅞	14.53
Avco O/S Cap. 10⅛ 87	40	74⅞	75⅞	−0¼	−0⅛	15.30
Beneficial Fin. 9⅝ 87	100	80⅛	80⅝	−0⅛	+1⅝	14.20
CECA Grad. Rate 12 86	100	88½	89	+0⅛	−0⅛	14.70
CECA 11½ 90	50	85½	86¼	+0⅛	+2⅛	14.38
Canadian Pacific 9⅝ 89	50	80⅜	80⅞	−0⅛	+2⅞	13.66
Carter Hawley 9⅝ 86	50	81⅜	81⅞	−0⅛	+1⅞	14.34
Comalco Inv. E. 10⅞ 91	40	78⅜	78⅞	−0⅛	+0⅛	14.16
Continental Grp. 9⅝ 86	100	87½	88	−0⅛	+0⅛	14.25
Dome Petroleum 10 94	50	75⅞	76⅜	+0⅛	+2⅜	13.90
Dominion Bridge 10⅛ 84	30	87½	88	−0⅛	+0⅛	14.25
EIB 11¼ 92	80	84½	85	+0⅛	+2⅛	14.50
EIB 10.15 99	100	†72½	74¼	−0⅛	+1⅛	14.72
Ekportfin 11⅛ 87	50	87⅜	88⅞	−0⅛	+1⅛	14.07
Export Dv. Cpn. 9⅞ 84	100	84⅝	85	−0⅛	+0⅛	14.58
Export Dv. Cpn. 9⅞ 84	150	84⅜	85⅛	−0⅛	+0⅛	14.54
Finland 9⅞ 88	100	75⅝	77	0	+1⅛	14.80
GTE Finance 8¾ 89	55	78⅞	79¼	−0⅛	+1⅛	13.91
GMAC 9⅞ 86	100	81	81½	−0⅛	+1⅛	13.91
GMAC O/S Fin. 11 84	100	89½	90	−0⅛	+0⅛	14.06
Gould Int. Fin. 9⅞ 85	50	83⅜	84⅛	−0⅛	+0⅛	14.49
ITT Antilles 9½ 89	75	76⅛	78⅜	0	+2	14.25
Kennecott Int. 9½ 86	100	79⅝	80⅛	−0⅛	+1⅛	14.66
Manitoba 9½ 89	75	78	78⅛	0	+1⅛	13.88
Michelin 10 94	125	72⅞	73⅛	+0⅛	+1⅛	14.54
Nat. Des. Telecm. 9½ 86	100	81½	82	0	+1⅛	14.05
New Brunswick 9⅞ 94	75	74	74⅛	0	+1⅛	14.05
Newfoundland 10 94	50	76⅞	77⅜	+0⅛	+4⅛	13.82
Norges Komm. 9⅞ 99	100	72½	73	0	+2½	14.47
Norway 9½ 84	150	85	85½	−0⅛	+0⅛	14.47
Nova Scotia Pwr. 9⅞ 89	50	79⅛	79⅝	−0⅛	+2⅛	13.81
Occidental Fin. 10⅜ 84	60	86	86½	+0⅛	−0⅛	14.84
Orient Leasing 9½ 86	25	78	78½	−0⅛	+0⅛	15.05
Pennwalt O/S F. 9⅞ 84	25	84⅜	84⅞	−0⅛	+0⅛	14.89
Pepsico Cap. 9⅛ 84	100	85⅛	85⅝	+0½	+0½	14.34
Quebec Hydro 10 99	75	73⅜	73⅞	−0⅛	+2⅞	14.01
Sears Roebuck 9 82	150	89⅜	89⅞	−0½	+0⅛	15.66
Statoil 9⅞ 89	100	78⅝	79⅛	−0⅛	+1⅛	13.74
Sweden 9⅞ 88	100	79⅛	78⅞	−0⅛	+1⅛	13.80
Sweden 9½ 86	200	81	81½	−0⅛	+0⅛	14.71
Sweden 9⅞ 84	100	84⅞	85½	−0½	+0⅛	14.49
Unilever NV 9⅞ 87	100	79⅛	79⅝	−0⅛	+1	13.65
Warner-Lambert 9 84	100	83½	84	−0⅛	+0⅛	14.28

Average price changes... On day −0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	†93⅜	94	−0⅛	+0⅛	8.18
Asian Dev. Bk. 7⅛ 89	100	†82⅜	83⅛	−0⅛	−0⅛	10.13
Australia 8½ 90	250	96⅝	96½	−0⅛	−0⅛	8.72
Barclays O'seas 6⅜ 88	100	†82	83	0	0	8.72
BFCE 7⅜ 87	100	90⅞	91½	−0⅛	+1⅛	9.57
BFCE 8⅛ 86	100	87⅜	88⅜	−0⅛	+1⅛	9.67
Brazil 8 87	150	87⅜	88⅛	−1⅛	+1⅛	10.45
CECA 7 91	150	84½	85	−0⅛	−0⅛	9.28
Council of Eur. 7⅜ 89	100	87⅜	88⅛	+0⅛	−0⅛	9.29
Denmark 7⅜ 86	100	91⅛	91⅜	−0⅛	+0⅛	9.84
Denmark 8⅛ 92	100	90	90⅜	−0⅛	+0⅛	9.64
EEC 7⅞ 94	225	88	88½	−0⅛	+1	9.37
EIB 7⅞ 89	200	86⅛	86⅞	−0⅛	−0⅛	9.78
Finland Rep. of 8 88	150	92½	93⅛	−0⅛	+2⅛	9.46
Kobe, City of 7⅛ 89	150	83⅜	84⅛	+0⅛	+1⅛	9.76
Neder. Gasunie 8 86	100	93	94	0	+1⅛	9.33
New Zealand 7⅜ 87	200	†86½	87	+0⅛	+0½	9.68
Norges Komm. 7⅜ 81	150	†88	89	−0⅛	−0⅛	9.44
Norway 7½ 85	250	92½	93	−0⅛	+0⅛	9.43
OKB 6 87	40	†83	84	+0⅛	+0⅛	9.36
OKB 7⅜ 89	100	84½	85½	0	−1⅛	9.86
World Bank 7⅜ 91	400	86	86½	−0⅛	−0⅛	9.91
World Bank 7⅞ 90	250	89⅜	89⅞	+0⅛	+1	9.56

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Hudson Bay 10⅛ 88 C$	60	77⅞	78⅜	+0⅛	−0⅛	15.06
Quebec 10⅛ 86 C$	50	82⅜	83⅞	−0⅛	+1⅛	14.58
R. Bk. Canada 10 88 C$	40	84½	85	0	+1⅛	13.81
R. Bk. Canada 10 94 C$	40	74⅜	75⅛	+0⅛	+1⅛	14.18
Copenhagen 8⅞ 81 EUA	20	89⅛	90⅛	0	0	10.23
M. Bk. Dnmk. 8 91 EUA	25	91	92⅛	−0⅛	−1⅛	10.25
SOFTE 8⅛ 89 EUA	40	81	82½	0	−0⅞	11.60
U. Bk. Nrwy. 9⅛ 90 EUA	18	97⅛	98⅛	0	+0⅛	8.78
Algemene Bk. 8⅜ 84 Fl	75	90⅛	90⅝	−0⅞	−1⅞	11.01
Ned. Gasunie 8⅜ 84 Fl	50	89⅛	90⅛	−0⅛	−0⅛	11.81
Ned. Middbk. 8⅜ 84 Fl	75	89⅞	90⅞	−0⅛	−0⅛	11.43
Norway 8⅜ 84 Fl	100	90½	91	−0⅛	−1⅛	11.26
Norway 8⅛ 84 Fl	100	81⅛	81⅜	0	−1⅛	10.68
Philips Lamps 8⅝ 84 Fl	75	90⅜	91⅜	−0⅛	−1⅛	11.25
Air France 11 84 FFr	120	89	90	0	−1	14.27
Euratom 9⅞ 87 FFr	150	78⅞	79⅞	0	+0⅛	14.63
Finland 11 84 FFr	80	88⅛	89½	+0⅛	+0⅞	14.43
Finland 11½ 89 FFr	70	84	85⅛	+0⅛	−1⅛	14.53
Gaz de France 11 84 FFr	150	88⅜	89⅜	0	+1	14.28
IBM France 11⅞ 84 FFr	120	90⅜	91½	+0⅛	−0⅞	14.62
Renault 9⅞ 85 FFr	100	81⅜	83	+0⅛	+0⅛	14.73
Saint-Gobain 9⅞ 86 FFr	130	80	81	+0⅛	+0⅛	14.76
Solvay et Cie 9⅞ 87 FFr	125	77⅞	79⅛	0	0	14.84
Total Oil 9⅞ 87 FFr	150	77⅜	78⅛	−0⅛	−0½	14.64
Citicorp O/S 13½ 90 £	50	91⅜	92½	+1⅛	+3⅛	15.06
EIB 11⅛ 91 £	25	80½	81⅛	−0⅛	+2⅛	16.11
Finance for Ind. 13 91 £	15	87⅞	87⅞	+0⅛	+1	15.43
Fin. for Ind. 12½ 89 £	30	85⅞	86⅛	+0⅛	+1⅞	15.33
Fin. for Ind. 14½ 88 £	20	96	96⅛	—	—	15.31
Gen. Elec. Co. 12½ 89 £	60	88⅜	89⅛	+0⅛	+3⅞	14.76
Indonesia 8⅞ 91 KD	7	†93	93½	0	0	8.75
Mitsubishi 7⅛ 84 KD	10	†95⅜	96⅞	0	0	8.73
Norges Kom. 7⅛ 89 KD	12	†93⅜	93⅞	0	0	8.52
Occidental 8⅛ 91 KD	7	†90⅛	90⅛	0	0	9.67
Akzo 9⅛ 87 LuxFr	500	87½	88½	−0⅛	−1⅞	11.68
Euratom 8 87 LuxFr	500	80⅜	81⅛	−0⅛	−1⅛	12.12
Euratom 9⅛ 88 LuxFr	500	90	91	0	−2⅛	11.65
EIB 9⅜ 88 LuxFr	600	92⅜	93⅜	0	−0⅞	11.15
Volvo 9⅜ 87 LuxFr	500	89½	90½	−0⅛	−3⅞	11.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0⅛	96½	97	2/7	15⅜	16.63
Banco di Roma Int. 6 87	0⅛	98½	99	26/4	15⅜	15.95
Bank of Ireland 5⅛ 89	‡0⅛	96½	97	21/6	18⅜	18.47
Bank of Tokyo 5⅛ 89	‡0⅛	97	97½	25/4	14.56	14.97
Barclays O/S Inv. 5 90	0⅛	96⅜	96⅞	13/6	14⅛	14.84
Bergen Bk. A/S 6 89	‡0⅛	96½	97	29/5	17⅛	17.83
Bque. Indo Suez 5⅛ 89	0⅛	96⅞	97⅜	11/7	14.69	15.14
Citicorp O/S F. 6 94	‡0⅛	99	99½	8/6	18.81	18.95
Citicorp O/S F. 83	§‡0	99	99½	23/6	18.06	18.18
Citicorp O/S F. 84	‡0	99⅛	99⅝	30/5	16.94	17.02
Co-operative Bk. 8 86	0⅛	97⅛	97⅝	15/6	15.06	15.47
Creditanstalt 5⅛ 91	§‡0⅛	98	98½	14/6	18.44	18.77
CNT 5⅛ 86	§0⅛	99⅛	99⅝	16/4	15.18	15.28
GZB 5⅛ 89	‡0⅛	97⅛	97⅝	1/5	14⅜	15.02
Jugobanka 8 89	0⅞	91⅜	92⅜	23/6	16	17.34
Ind. Bank Japan 5⅛ 97	0⅛	97⅛	97⅝	15/4	14⅞	14.60
LTCB Japan 5⅛ 86	0⅛	96⅛	96⅝	13/8	14⅛	14.77
LTCB Japan 5½ 89	0⅛	96⅞	96⅜	7/8	14.18	14.78
Mfrs. Han. O/S 5⅛ 84	‡0⅛	98⅛	98⅝	30/5	17⅛	17.39
Midland Intl. Fin. 5 89	0⅛	98	98½	20/6	15	15.27
Nacional Fin. 6⅛ 88	0⅛	96⅛	98⅜	25/7	14.69	15.22
Nat. West. 5⅛ 94	§0⅛	97⅛	97⅝	11/4	14.94	15.32
Nippon Credit 6½ 86	0⅛	95⅞	96⅛	12/7	14.44	15.02
Nippon Credit 5⅛ 81	‡0⅛	96⅜	97⅛	6/6	14.69	15.16
Royal Bk. Scot. 5⅛ 94	§‡0⅛	98⅛	98⅝	11/4	14⅜	14.85
Soc. C. de Bque. 5⅛ 87	0⅛	96⅜	97⅛	3/4	13⅜	13.68
Sogenal 5⅛ 89	§0⅛	96⅜	96⅞	13/7	14.44	14.94
Standard Chart. 5⅛ 90	0⅛	97⅛	98⅛	8/9	17⅛	17.62
Sweden 8⅛ 91	‡0⅛	96⅞	97⅛	18/4	14.44	14.90
TVO Pwr. 9 91 (D-lock)	0⅛	95	98½	24/5	15.31	18.91
Williams & Glyn 5⅛ 91	0⅛	97½	97⅞	14/6	18½	18.95
Bq. E. d'Alg. 4⅞ 88 SF	0⅛	91	92	18/6	6.69	7.31

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Recovery at Granges, but dividend again passed

BY VICTOR KAYFETZ IN STOCKHOLM

GRÄNGES, the Swedish metals and engineering group whose Board is recommending a takeover bid by Electrolux, reports a 1979 pre-tax profit of SKr 123m ($28.3m) following several years of heavy losses. However, the dividend is again to be passed for the fourth year running.

In September the group predicted earnings of Skr 100m for 1979, against a loss of SKr 207m the preceding year. The recovery was attributable to major restructuring, an improvement in net financial items, and higher earnings in Gränges Aluminium, other industrial companies, and the construction subsidiary Gränges Hedlund.

Group turnover in 1979 was SKr 5.16bn ($1.19bn), up a comparable 30 per cent. During last year Granges sold 90 per cent of its stainless steel company, Nyby, to Sweden's Uddeholm group and disposed of its shipping interests as well.

Granges expect increased pre-tax earnings for 1980, pointing to large order backlogs, recent price hikes and continuing rationalisation and marketing efforts.

Granges Aluminium, which is discussing possible collaboration with various companies in Norway, raised its pre-tax profit from SKr 25m to SKr 100m in 1979 on sales that rose 19 per cent to SKr 1.66bn. The power-generating company Granges Kraft earned SKr 40m, an increase from SKr 29m, on turnover that climbed by 40 per cent to SKr 172m.

Granges Hedlund swung from a loss of SKr 17m to a pre-tax profit of SKr 14m on sales that nearly doubled to SKr 437m, but the Belgian-based construction company Graver increased its losses despite a large jump in turnover. Granges International Mining moved further into the red as well.

The group is reserving an extra SKr 50m in the accounts "owing to uncertainties in forecasting the outcome of large and complex ongoing contracting projects which are subject to special risks." Granges is also writing down its stake in Lamco, the Liberian iron mining consortium, by SKr 70m as an extraordinary item in the 1979 accounts.

Sales of ships, accounts receivable and most of Nyby contributed SKr 437m to liquid assets, while loan payments outweighed new borrowing by SKr 390m. This helped cut net financial losses from SKr 238m to SKr 108m and improva liquidity by SKr 250m, Granges writes.

MoDo earnings top forecast

BY WILLIAM DULLFORCE IN STOCKHOLM

MODO, THE Swedish pulp and paper group, reports 1979 earnings of SKr 273.4m ($63.5m) after a very strong final four months which took it SKr 53m beyond the forecast made in October. Sales advanced by SKr 629m to SKr 3.12bn ($726m).

A firm market for both pulp and fine paper in 1979 enabled MoDo to take out several price increases and to recover from the two previous years in which its losses totalled SKr 388m. Between the middle of 1978 and the end of 1979 the net sum of the group's interest-bearing liabilities, less its liquid funds, has been reduced by SKr 500m.

The Board recommends payment of a dividend of SKr 7 a share, compared with the SKr 2.50 paid in 1978 and no dividend at all for 1977.

Prospects for the first half of 1980 remain good. From April 1 MoDo is quoting a price of $545 a tonne for its bleached kraft pulp, $70 higher than the price it received during the last quarter of 1979. Prices of fine and tissue papers are expected to follow the upward trend.

Developments in the second half of the year are said to be more difficult to predict but the management forecasts that the final 1980 result could show a further improvement on 1979. Group liabilities should continue to decrease, it adds.

The consolidated operating profit after depreciation rose from SKr 10m in 1978 to SKr 425m in 1979, stock appreciation accounting for SKr 116m of the advance. MoDocell the pulp manufacturing division, turned a SKr 6m loss into a SKr 304m profit, while MoDopapper the paper division, more than doubled its operating profit to SKr 156m.

Net financial costs fell from SKr 169m to SKr 152m and, after appropriations of SKr 224m, the consolidated account shows a net profit of SKr 49m. The parent company reports a 1979 net profit of SKr 33.3m, of which the proposed dividend will take SKr 23.7m.

Sodra climbs out of red

BY OUR STOCKHOLM STAFF

SÖDRA SKÖGSÄGARNA, the Southern Swedish forest owners' industrial group in which the government assumed a 40 per cent stake last July, reports a small pre-tax profit for 1979 following two years of heavy losses. This was mainly due to higher world pulp prices.

Earnings reached Skr 27m ($6.3m) against a 1978 loss of Skr 290m. Sales rose 19 per cent to SKr 2.91bn ($676m), 58 per cent being exports.

Sodra is Europe's largest market pulp producer, and pulp division earnings improved by SKr 215m last year. The sawmill sector also moved into the black. The Klippan division, maker of fine and household papers, reduced its losses but the packaging division had another poor year, the preliminary report states.

For 1980 the pulp, sawmill and paper sectors expect continued strong demand and use of full capacity, but this may be hampered by possible wood shortages.

Sodra is shutting down several small, outmoded and loss-making mills and the 1979 accounts contain SKr 152m in extraordinary write-downs because of this. Extraordinary items also included the SKr 31m start-up costs last autumn at the big new sulphate pulp mill in Mönsterås on the south-east Swedish coast.

Italmobiliare is new flagship of the Pesenti empire

BY RUPERT CORNWELL IN ROME

SIG. CARLO PESENTI, the Bergamo-based financier, has carried out a further step in the forced reorganisation of his empire—one of the largest in private hands in Italy and valued conservatively at around $1.5bn.

The result of the latest manoeuvres is that the master company of the group, which contains the cement concern Italcementi, engineering, banks and insurance interests, is now the financial holding company Italmobiliare.

This became apparent with the laconic weekend announcement that Italmobiliare had acquired a 50.2 per cent interest in Italcementi, the former cornerstone of the Pesenti holdings. The price paid is reported to have been L280bn ($330m), valuing the shares at L70,000 apiece, against a current bourse price of L21,000.

Following a share distribution last year, two small Pesenti shell companies, Privital and Cemital together owned 40 per cent of both Italcementi and Italmobiliare.

Under the latest arrangements Italmobiliare has just bought from these two the majority stake in Italcementi. Pesenti, however, with his full ownership of Privital and Cemital, retains control of Italmobiliare and thus of his empire.

With the funds received from Italmobiliare, the two companies now can comply with the ruling of the Bank of Italy and repay a loan of L160bn ($190m) received from one of the Italmobiliare banks, Banca Provinciale Lombarda.

Sig. Pesenti borrowed this money—from a bank which he controlled—to buy back the threatening major blocks of Italcementi shares built up in the early 1970s by the financier Sig. Michele Sindona, currently on trial for fraud in New York.

Among other known shareholders of Italmobiliare is the Agnelli holding company Istituto Finanziario Industriale (IFI) with a declared stake of 9.8 per cent.

The question now is how Italmobiliare will find the money used to buy control of Italcementi. Fresh speculation has inevitably been aroused that Sig. Pesenti may be contemplating the sale of further assets, following the disposal in early 1979 of his 79 per cent stake in the Credito Commerciale Bank to the publicly-owned Monte dei Paschi di Siena.

The most important companies controlled by the financier include two banks, Istituto Bancario Italiano (IBI) and Banca Provinciale Lombarda, a substantial stake in the financial group Bastogi, as well as a 64 per cent of the electrical engineering concern Franco Tosi, and 41 per cent of the Riunione Adriatica di Sicurta (RAS) insurance group.

Italsider losses reduced

BY OUR FINANCIAL STAFF

REDUCED losses are reported for 1979 by Italsider, the main operating company of the Italian state holding group, Finsider. A write-down of capital is planned to cover the deficit.

Italsider, which accounts for nearly half of Italian steel output, made a net loss of L257bn ($300m). It plans to reduce its capital from L1,180bn to L707.4bn, and then raise it again to L1,300bn as part of a financial restructuring plan.

The 1979 loss followed depreciation of L257bn and interest payments of L490bn, equivalent to 15 per cent of turnover. In 1978, Italsider made a net loss of L348.5bn, after depreciation of L220bn and interest charges of L506bn, equivalent to 18.8 per cent of turnover.

However, operating profits improved last year—to L397bn from L311bn in 1978. The reduction in losses indicates that "once Italsider has solved its financial difficulties and problems created by out-dated production facilities it should be able, under normal operational and commercial conditions, to return to economic balance."

During 1979, Italsider was hit by strikes, losing production and potential sales at a time of buoyant market conditions.

One of Italsider's main industrial problems is its out-dated Bagnoli plant near Naples.

U.S. acquisition boosts Holzmann turnover 33%

BY KEVIN DONE IN FRANKFURT

PHILLIP HOLZMANN, one of the leading West German construction groups, was able to boost its turnover by 33.6 per cent last year, largely as a result of its takeover of the Jones group, the U.S. building company. Sales reached DM 5.6bn ($3bn) compared with DM 4.2bn ($2.30bn).

The U.S. acquisition has placed even greater emphasis on Holzmann's foreign activities, with nearly two-thirds of sales last year coming from markets outside West Germany, compared with 57 per cent in 1978.

Excluding the Jones group's contribution of some DM 1.2bn, Holzmann's turnover increased by the more modest figure of 5.6 per cent.

The high level of activity achieved generally in West German construction last year was shared by Holzmann with domestic turnover rising by 10.8 per cent.

Similarly, new orders from the home market rose significantly reaching a total of DM 2.4bn an increase of 23 per cent. Including new orders gained by the Jones group, Holzmann attracted new business from abroad totalling DM 4.2bn last year.

At the beginning of this year it also won the contract to build a DM 850m hospital at Dhahran, in Saudi Arabia.

The group's total order book at the start of the year was worth some DM 7.3bn, a rise of 44.3 per cent compared with 12 months earlier. Orders worth DM 1.7bn were taken over from the Jones goup, which Holzmann acquired towards the end of 1978.

Apart from the U.S., the bulk of Holzmann's new business is still coming from OPEC countries.

Despite the pressure of rising costs in the home market and the shortage of skilled workers, Holzmann said its profits would be above the DM 19.2m net income achieved in 1978, largely as a result of its foreign operations.

Holzmann now has a total workforce of 41,100, of which no fewer than 26,700 are employed outside West Germany. Capital expenditure rose sharply last year to DM 107m as part of a programme to expand and modernise machinery and equipment.

- Fried. Krupp expects to show a profit on group operations in 1979 compared with a loss of DM 122m in 1978, managing board chairman Heinz Peters said yesterday. The forecast was based on the expectation of a balanced result from steel-making, the first since 1974.

Krupp recently reported world group sales of DM 14.26bn in 1979 against DM 13.32bn in 1978, of which third party sales rose to DM 12.79bn from DM 11.90bn.

- Bayer, one of the "big three" West German chemicals companies, increased sales last year by 14 per cent to an estimated DM 26bn, according to provisional figures. The main impetus came from sales abroad, both through exports from West Germany and the sales of overseas subsidiaries.

In the first nine months of the year group pre-tax profits rose by 43 per cent to DM 11.9bn.

Banque Worms raises income

BY DAVID WHITE IN PARIS

BANQUE WORMS, the French merchant bank, reported a slowdown in its ordinary banking activity last year, although it managed, through capital gains, to increase its net profits to FFr 45.2m ($10.5m) from FFr 36m in 1978.

The profit figure included a total of FFr 12m arising from the sale of shares and fixed assets, compared with FFr 3m.

Operating results were roughly unchanged, the bank said. Improved portfolio yields helped to offset the decline in banking activity, ascribed to Government credit controls, the rise in money market rates and a reduction in margins during the second half.

The bank, in which Lloyds Bank International and Bank of Scotland hold minority shares, proposed to raise its net dividend for the year to FFr 13.50 a share from FFr 12.50.

Philadelphia National Bank and Hessische Landesbank Girozentrale also have interests in the bank, controlled by the Worms shipping, insurance and industrial group.

Banque Worms's balance sheet total reached FFr 20bn at the end of 1979, 25 per cent higher than a year earlier.

- France's private-sector overseas airline, Union des Transports Aeriens (UTA), saw turnover and profits expand roughly in line with inflation last year as the growth in its traffic slowed down to less than 2 per cent.

Net earnings for the year were FFr 39.4m ($9.2m) compared with FFr 35.3m the previous year. Turnover rose by a similar margin of 11.4 per cent to FFr 3.19bn from FFr 2.86bn in 1978.

Cash flow went up from FFr 189m to FFr 230m, an increase of 22 per cent, including a FFr 12m gain on the sale of one of its aircraft.

UTA is proposing to increase its gross dividend to FFr 15.45, 9.6 per cent more than for the previous year.

Suez banking arm expects higher profit

BY OUR PARIS STAFF

CREDIT INDUSTRIEL et Commercial (CIC), part of the Suez group and one of the principal private commercial banks in France, increased its parent company net profit last year by almost 40 per cent to FFr 59.2m ($14.3m). The previous year's result of FFr 52.5m had included an exceptional gain of FFr 15.5m.

CIC said similar progress might be expected in the consolidated results, which showed a 1978 net profit of FFr 94m. Deposits rose by 16.6 per cent to FFr 15.7bn. The bank is proposing an increased net dividend of FFr 8.30 a share, compared with FFr 7.50 a year ago.

CIC is doubling its registered capital to FFr 452.8m by incorporating reserves resulting from revaluation. The move, which involves changing the nominal share value from FFr 50 to FFr 100, was authorised at a shareholders' meeting last April.

- Roussel-Uclaf, a chemicals and pharmaceuticals group controlled by Hoechst of Germany, intends to acquire Hoechst's U.S. subsidiary, Foster Grant, which manufactures spectacles and controls 30 per cent of the U.S. market with annual sales of $70m.

Roussel-Uclaf is already represented in the U.S. through Hoechst Roussel Pharmaceuticals, a company set up jointly by Hoechst and the French group to market their pharmaceutical products.

Bourse listing planned by Douwe Egberts

BY CHARLES BATCHELOR IN AMSTERDAM

DOUWE EGBERTS, the Dutch tea, coffee and tobacco group, will list a small number of its shares on the over-the-counter stock market as a first step towards a quote on the official Amsterdam bourse. DE plans to offer 12,766 certificates of its Fl 10 nominal "B" shares on March 25 at a price expected to be at least Fl 520 ($260).

The aim is to achieve a greater marketability for existing shareholders. The shares being offered represent almost 1.3 per cent of DE's capital.

Consolidated Foods Corporation of the U.S. has 65 per cent of the capital of DE, though its voting rights are limited to 26 per cent. Dutch insurance group Nationale Nederlanden has a 10 per cent stake and the de Jong family has large holdings.

The retail price of coffee in the Netherlands, where DE has 60 per cent of the market, is falling and the world market price is stabilising and may even rise, chairman Mr. van Dongen said. DE therefore expects margins to come under pressure in the current half year ending June. Net profit for the year is, however, not expected to fall below the Fl 105m ($52m) achieved last year following the 31 per cent rise to 58m in the first half.

Prospects for further expansion or acquisitions in the Netherlands are "not good" in view of DE's high market penetration and the absence of suitable takeover candidates.

DE is building a second coffee roasting plant in France and assessing market prospects for automatic tea and coffee-making machines in other countries following their success in West Germany and the Netherlands. It expects to invest Fl 85m in fixed assets this year.

SONY CORPORATION

First-quarter profit lifted by 342%

BY RICHARD C. HANSON IN TOKYO

SONY CORPORATION is to consider an increase in its annual dividend at the end of the first half of this fiscal year, reflecting a sharp recovery in profits.

The company's consolidated results for the first quarter, to January 31, show net profit up by 342.6 per cent to a record Y19.53bn ($78.4m), from Y4.41bn in the same period of the previous year, for the first rise in first quarter profit in three years. The quarter's profits exceed the Y17.7bn for the whole nf the previous year.

The recovery is expected to continue throughout the year if exchange rate conditions do not fluctuate wildly. In the first quarter it was haaed on a 47.6 per cent increase in sales to a record Y221.96bn ($891m). The most pronounced rise was in overseas sales, which jumped nearly 70 per cent—to account for 65.7 per cent of all sales, compared with 57.1 per cent in the first quarter of 1978-79.

Sales overseas bave boomed because of the weakness of the yen, and the introduction last year of an improved bome video tape recorder and of higher value television sets. VTR sales were up 81 per cent, to take a 21 per cent share of all sales (27 per cent together with video tape sales). Sales of television sets gained 42.7 per cent, or 28.7 per cent of the total.

This year, overseas sales should he further enhanced by increases in productinn planned at Sony's overseas plants, in Europe and the U.S. At present overseas production represents about 15-20 per cent of consolidated aales.

The production of colour TVs at the South Wales plant will rise to about 150,000-200,000 sets from about 100,000 sets last year; cassette tape production at around 3m units per month will start up in France; and in the U.S., Sony plana to raise TV set prodnction in San Diego to 700,000 units from 500,000 last year, while increasing video tape production in Alabama from 1.2m cassettes to 1.5m.

At bome, Sony will raise production of video tape recorders from an annual rate of 800,000 units to 1m hy next autumn.

In 1978-79, Sony profits were reduced primarily hy exchange rate changes and the prohlems which arose from translating its foreign currency liabilities into yen under the U.S. FASB rule 8. In the latest quarter, Sony continued to have translation losses (about Y2.9bn), hut this was hecause of the yen's weakness against European currencies rather than the dollar. In addition, there were over Y1bn in exchange losses on foreign exchange forward covering in Tokyo.

The company did not say by how much it would consider increasing the dividend, currently set at an annual rate of Y25 per share.

Advance for SHK Securities

By Philip Bowring in Hong Kong

SUN HUNG KAI Securities, Hong Kong's largest stock and commodity broking house, reported a 49 per cent increase in profit for the year ended December to HK $48m (US$ 9.6m). The final dividend is 18 cents, making a total of 14.5 cents.

At the same time, the sister company, Sun Hung Kai Finance, which was separated from SHK Securities last year, and acquired its own stock exchange quotation, announced that its profit rose 40 per cent to HK$ 40.10m. Earnings per share however were up only 27 per cent to 33 cents, as a result of an increase in capital during the year, from an issue of 22.8m new shares at a cost of HK$ 44m to Compagnie Fioanciers de Paris et des Pays Bas which now owns 30 per cent of tbe finance company.

Rival bid for UIC from Hong Kong developer

BY GEORGIE LEE IN SINGAPORE

HANG LUNG Development, the Hong Kong property company, has made a rival hid for United Industrial Corporation (UIC), the Singapore chemical and property company.

The Hong Kong company announced that it would make a cash offer of S$4.50 per share for the whole of UIC's issued capital, comprising 17.72m shares of S$81 each, or a total price of S$79.7m ($U.S.36.2m).

Hang Lung's offer is much higher than that of S$4.00 per share made by United Industrial Overseas Holdings (UIOH). UIOH is beneficially controlled by the managing director of UIC, Mr. Chwang Waw Liew.

Morgan Grenfell Asia which has been appointed to advise minority shareholders recently has said that a tentative valuation showed UIC shares to be worth S$5.14 per share.

* * *

INCHCAPE Corporation's Far East subsidiary, Inchcape Berhad, has chalked up its best-ever performance. Group post-tax profit for the year to December was S$45.9m (US$20.8m), or 8.65 times the 1978 figure. At the pre-tax level, group profit was S$69.1m or 4.7 times the previnus figure.

Incheape's sharp profit rise was achieved despite an increase of only 24 per cent in turnover, to S$984.5m (U.S.$447m).

The group, which is involved in widely diversified trading activities in Singapore and Malaysia, attributed the improvement to its rationalisation programme, huoyant trading cooditions and the weakening of the yen. Inchcape has forecast a continued improvement in the current year but at a lower rate.

The group also reported an extraordinary loss of only S$348,000 for the year. This compares with an extraordinary loss of S$14.8m the previous year.

Inchcape has declared a final gross dividend of 13.5 per cent, which together with the interim dividend already paid makes a total of 17.5 per cent fnr the full year. The previous year's total dividend was 3 per cent.

Computer group takeover by Barlow Rand

BY BERNARD SIMON IN JOHANNESBURG

BARLOW RAND, South Africa's largest industrial conglomerate, has entered the computer field by taking a 51 per cent interest in the fast-growing Perseus computer services group. Perseus is the local sales agent of the U.S. companies, Data General Corporation and National Semiconductor. The purchase price has not been disclosed.

The Perseus takeover comes on the beels of a hreakdnwn in negotiations between Barlows and the South African subsidiary nf Sperry Univac, which has heen trying to find a local partner for some time.

Perseus, a South African-owned company, had a turnover nf about R15m ($18.5m) in 1979, which was more than double the previous year's sales. According to Mr. Derek Cooper, a director of Barlow Rand, Perseus "allows us to have within our organisation the ability to meet almost every type of computer system need."

Barlow already has substantial interests in the electronics industry through its control of Marconi, Fuchs Electronics and aeveral other companies.

* * *

SASOL ONE, a whelly owned subsidiary and the main source of profits of Sasol Ltd., the South African oil-from-coal producer which sold 70 per cent of its shares to the pnblic last year, has reported an after-tax income of R85.3m ($105.6m) for the year to last June. This is 15 per cent higher than 1977-78 earnings.

Sasol One is the only Sasol plant at full production. Second plant came on stream earlier this month, but will not reach full prodnction until next year. Construction of Sasol Three is currently underway.

Sasol One's operating income last year totalled R145.5m against R114.5m the previous year. The main reason for the increase in income was the substantial rise in petrol prices at the beginning of 1979. These were caused by the spiralling cost of imported crude, but also benefited Sasol.

Cheung Kong HW stake up

By Our Hong Kong Correspondent

CHEUNG KONG (Holdings) announced yesterday that its stake in Hutchison Whampoa, the diversified trading and investment house, has been raised to 31 per cent. Last year, Cheung Kong acquired 22 per cent of Hutchison from the Hong Kong and Shanghai Banking Corporation. A third Cheung Kong nominee, Mr. George Magnus, has heen appoloted to the Hutchison board, with non-executive status.

Collective control plan for Queensland bank

BY JAMES FORTH IN SYDNEY

A NUMBER of major Queensland companies are considering a proposal to build up an effective collective control of Australia's smallest hank, the Bank of Queensland. Listed on the Brisbane exchange, the Bank of Queensland has a capital of only A$4.12m (US$4.5m).

Hill Samuel Australia, the merchant hank, is working on the proposal, which is still in the preliminary stages. The Queensland state government, through its state-owned insurance company, State Government Insurance Office of Queensland, already holds 10 per cent of the bank's capital.

Existing legislation provides that no individuals or parties acting in concert may acquire more than 10 per cent of a bank without the approval of the Federal Treasurer.

Among the Queensland companies reportedly interested are Bundaberg Sugar, the brewer Castlemaine Tooheys and Evans Deakin, the engineers.

Scrip issue from Adelaide Steamship

By Our Sydney Correspondent

ADELAIDE STEAMSHIP Company, the diversified industrial group, hoosted its earnings hy 57 per cent, from A$3.21m to A$5.0m (U.S.$5.5m) in the half-year to December and plans a one-for-five scrip issue. Group sales rose hy 17 per cent to A$61m (U.S.$67m), Adelaide Steamship equity accounted for its recently acquired interests in the timber group, Robb and Brown (31 per cent) and the ink maker, Sidney Cooke (36 per cent).

Growth scheme at Selangor Properties

By Wong Sulong in Kuala Lumpur

SELANGOR PROPERTIES, a major Malaysian developer and landlord, is proposing a scrip issue of one-for-three to raise its paid-up capital to 35m ringgit ($15.8m). The issue will be made from its cash reserves.

For the year ended September, 1979, the group reported a 26 per cent increase in pre-tax profit to 6.9m ringgit, hut is however maintaining a final dividend of 8 per cent, taking the year's total to 16 per cent, the same as the previous year.

Mr. T. K. Wen, the chairman, said that the group was poised for major expansion in the coming years which would require a large amount of capital. Although the hanks had heen willing to lend, he said, the group would rely on its own reserves.

Recently, it sold an 86-acre plot on the fringe of Kuala Lumpur for 8.6m ringgit, realising a profit of 7.6m ringgit, which would he used to finance the expansion.

Mr. Wen said that the group's Damansara town centre project, involving development of 54 acres of prime land in Kuala Lumpur for commercial purposes, has heen approved in principle hy the authorities, and final approval was expected soon. The project should generate considerable earnings.

The group is also stepping up huilding activities at Damansara Heights and Ukay Heights, two prime residential areas in Kuala Lumpur in which the group has substantial land.

On the scrip issue, Mr. Wen said the issue was made out of its cash reserves.

Some of the group's property had not heen revalued since 1963. Mr. Wen said that the group had agreed to an appraoch from Morgan Guaranty to be included in its American depositary receipt scheme so as to make it easier for Americans to hold its shares.

CURRENCIES, MONEY and GOLD

Dollar strong

The dollar rose sharply against major currencies yesterday, as the market reacted favourably to the latest U.S. anti-inflation package. A continued rise in U.S. interest rates appeared to be the driving force behind the dollar's recent recovery, with U.S. prime rates expected to climb from the present range of 17¾-18¼ per cent, and Euro-dollar rates already approaching 20 per cent in places. A number of central banks were active sellers of dollars, but the U.S. unit finished on or just below its best level of the day. Against the D-mark it rose to DM 1.8745, its best level since June last year, and sharply higher than Friday's figure of DM 1.8325. Similarly against the Swiss franc it closed at SwFr 1.7890, a level not seen since July 1978, and well up from SwFr 1.7540 on Friday. The yen attracted little interest and finished almost unchanged, with the dollar at Y248.40 against Y249 previously.

On Bank of England figures, the dollar's trade weighted index rose from 88.3 to 89.4.

Sterling recovered from the lows seen around lunchtime to finish only slightly weaker on balance. This was reflected in its trade weighted index which dipped from 72.0 at the morning calculation to 71.6 at noon, before coming back to finish at 72.2, hardly changed from Friday's close of 72.3. In line with other currencies the pound was weaker against the dollar, but showed only a slight movement in terms of European currencies.

It opened at $2.1920 against the dollar and touched $2.1960 briefly, before falling back on dollar demand to $2.1660 around noon. There did not appear to be any active support for the pound by the Bank of England at this level, but market sources believed that any further decline would have prompted some support action. During the afternoon, the pound recovered on good demand particularly out of the U.S., to finish at $2.1845-2.1855, a fall of 2.95c from Friday.

D-MARK—Steady within the European Monetary System, but weaker against the dollar following President Carter's latest anti-inflation package — The dollar rose to its highest fixing level since last June in Frankfurt yesterday at DM 1.8710, compared with DM 1.8385 on Friday. The Bundesbank sold $42.6m at the fixing, but the current strength of the U.S. unit has probably deterred the German authorities from trying to hold down the rate for the time being. The latest anti-inflation package was seen as good news for the dollar, but dealers pointed out that the market was still governed by interest rates. Elsewhere the D-mark was generally easier, with sterling rising to DM 4.0760 from DM 4.0530, and the Swiss franc to DM 1.0458 from DM 1.0405.

BELGIAN FRANC — Weakest member of the EMS, requiring heavy support recently, but still resisting devaluation—The franc was slightly firmer overall in Brussels, reflecting the massive support given by the authorities in the foreign exchange market over the past few days. The D-mark sank to BFr 16.253 from BFr 16.285 on Friday, and a ceiling level of BFr 16.3955. The Dutch guilder eased to BFr 14.7765 from BFr 14.807 and the French franc to BFr 6.955 from BFr 6.9575.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause, has been renewed, resulting in a support package and heavy central bank intervention—The dollar rose to Y249.425 in Tokyo from Y248.75 on Friday, despite an estimated $100m of yen support given by the Bank of Japan. The U.S. unit gained ground even though there were rumours of a sharp increase in the Japanese discount rate.

THE POUND SPOT AND FORWARD

March 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1660-2.1960	2.1845-2.1855	0.27-0.37c dis	−1.76	0.77-0.87dis	−1.50
Canada	2.5650-2.5975	2.5890-2.5900	1.05-0.90c pm	4.52	1.85-1.65 pm	2.70
Nethlnd.	4.44½-4.51½	4.49¾-4.50¾	3½-2½c pm	7.98	8½-7½ pm	6.77
Belgium	65.85-66.60	66.45-66.55	6-16c dis	1.98	2 pm-8 dis	−0.24
Denmark	12.60-12.80	12.79-12.80	2½-4ore dis	−2.99	9½-11¼ dis	−0.24
Ireland	1.0665-1.1040	1.1025-1.1035	0.08-0.04p pm	0.65	0.15-0.10 pm	0.45
W. Ger.	4.04-4.11	4.09¾-4.10¾	4-3pf pm	10.25	9¾-8⅞ pm	8.66
Portugal	108.40-109.70	109.45-109.65	20c pm-par	1.09	70-10 pm	1.64
Spain	149.25-152.65	152.50-152.60	130-175c dis	−11.99	315-375 dis	9.05
Italy	1,878-1,907	1,905½-1,906½	2½-4½lire dis	−2.20	11¼-13¼ dis	−2.67
Norway	11.05-11.12½	11.10¾-11.11¾	4¼-3¼ore pm	4.13	10⅛-8⅞ pm	3.46
France	9.45-9.57	9.55½-9.56½	4-3c pm	4.39	9¼-8¼ pm	3.66
Sweden	9.51-9.61	9.60-9.61	4-3½ore pm	4.45	11½-10¼ pm	4.61
Japan	537-550	544½-545½	1.50-1.10y pm	2.86	4.15-3.75 pm	2.90
Austria	28.97-29.42	29.35-29.40	25-20gro pm	9.19	65-60 pm	8.51
Switz.	3.87-3.92	3.90½-3.91½	4½-3½c pm	15.0	10⅞-9⅞ pm	10.61

Belgian rate is for convertible francs. Financial franc 69.40-69.50. Six-month forward dollar 1.30-1.40c dis. 12-month 0.85-1.00c dis.

THE DOLLAR SPOT AND FORWARD

March 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1650-2.1960	2.1845-2.1855	0.27-0.37c dis	−1.76	0.77-0.87dis	−1.50
Ireland†	1.9700-1.9940	1.9725-1.9775	0.07-0.12c dis	−0.58	0.10-0.18dis	−0.28
Canada	1.1848-1.1863	1.1853-1.1856	0.65-0.55c pm	6.07	1.30-1.15 pm	4.13
Nethlnd.	2.0400-2.0615	2.0600-2.0615	1.76-1.66c pm	8.96	4.35-4.25 pm	8.35
Belgium	30.09-30.44	30.42-30.44	4-2c pm	1.18	16-11 pm	1.71
Denmark	5.8130-5.8585	5.8580-5.8585	0.50-1.00ore dis	−1.54	2.50-3.00dis	−1.88
W.-Ger.	1.8460-1.8780	1.8740-1.8750	1.90-1.80pf pm	11.84	4.75-4.65 pm	10.03
Portugal	49.85-50.27	50.17-50.27	3c pm-7 dis	−0.48	15 pm-25dis	−0.40
Spain	69.50-69.95	69.80-69.90	55-75c dis	−11.17	135-155 dis	−8.30
Italy	863.60-873.00	872.50-873.00	par-0.4lire dis	−0.27	2-3 dis	−1.14
Norway	5.0760-5.0985	5.0860-5.0870	2.30-1.80ore pm	4.84	6.30-5.80 pm	4.78
France	4.3175-4.3750	4.3720-4.3750	2.38-2.28c pm	6.39	5.65-5.45 pm	6.09
Sweden	4.3585-4.3980	4.3950-4.3960	2.20-2.00ore pm	6.73	6.20-6.00 pm	5.55
Japan	249.10-250.10	249.35-249.45	1.05-0.90y pm	4.69	2.75-2.60 pm	4.29
Austria	13.31¼-13.44¾	13.43½-13.44½	12.90-11.90gro pm	11.07	35.0-32.5 pm	10.05
Switz.	1.7675-1.7950	1.7885-1.7895	2.24-2.14c pm	14.69	5.50-5.40 pm	12.18

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Mar. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.580212	0.618034
U.S. $	13	1.27875	1.36215
Canadian $	14	1.50724	1.60011
Austria Sch.	5¾	16.8370	17.9595
Belgian F.	15	38.2404	40.6993
Danish K.	15	7.34630	7.83439
D'Mark	7	2.35095	2.50458
Guilder	9½	2.58493	2.75282
French Fr.	9½	5.49822	5.85585
Lira	15	n/a	1164.84
Yen	7¼	n/a	559.617
Norwgn. Kr.	9	6.47037	6.86951
Spanish Pts.	8	88.0958	94.0903
Swedish Kr.	10	5.53506	5.90783
Swiss Fr.	3	2.28207	2.40760

CURRENCY MOVEMENTS

Mar. 17	Bank of England Index	Morgan Guaranty changes %
Sterling	72.2	−33.2
U.S. dollar	89.4	−4.4
Canadian dollar	80.8	−17.5
Austrian schilling	153.5	+23.8
Belgian franc	115.4	+12.5
Danish kroner	105.8	−4.8
Deutsche mark	153.5	+44.1
Swiss franc	189.4	+73.1
Guilder	124.7	+19.4
French franc	96.8	−6.5
Lire	53.5	−50.3
Yen	116.2	+15.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 17	£	$		£ Note Rates
Argentina Peso	3764-3774	1720-1750	Austria	28.90-29.15
Australia Dollar	2.0025-2.0065	0.9170-0.9175	Belgium	68.70-69.20
Brazil Cruzeiro	101.50-102.30	46.35-46.80	Denmark	12.64-12.73
Finland Markka	8.41½-8.42½	3.9095-3.9045	France	9.48-9.54
Greek Drachma	87.884-89.964	40.10-40.30	Germany	4.06½-4.09
Hong Kong Dollar	10.90¾-11.09¾	5.0450-5.0500	Italy	1855-1910
Iran Rial	n/a	n/a	Japan	543-548
Kuwait Dinar(KD)	0.601-0.611	0.2766-0.2767	Netherlands	4.46½-4.49
Luxembourg Frc.	66.45-66.55	30.49-30.44	Norway	11.05-11.15
Malaysia Dollar	4.8600-4.8700	2.2380-2.2350	Portugal	107-110½
New Zealand Dlr.	2.2825-2.2975	1.0500-1.0510	Spain	146¾-155
Saudi Arab. Riyal	7.27-7.37	3.3320-3.3420	Sweden	9.51-9.56
Singapore Dollar	4.8350-4.8450	2.2020-2.2250	Switzerland	3.88½-3.90½
Sth. African Rand	1.7700-1.7710	0.8100-0.8105	United States	2.18-2.188
U.A.E. Dirham	8.15-8.25	3.7565-3.7595	Yugoslavia	48¼-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6967	+2.28	+1.51	±1.53
Danish Krone	7.72336	7.82301	+1.29	+0.52	±1.64
German D-Mark	2.48208	2.50433	+0.90	+0.13	±1.125
French Franc	5.84700	5.86155	+0.25	−0.52	±1.3557
Dutch Guilder	2.74362	2.76000	+0.60	−0.17	±1.512
Irish Punt	0.668201	0.680938	+1.83	+1.06	±1.668
Italian Lira	1157.79	1169.40	+1.00	+0.74	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month, 19.15-19.25 per cent; three-months 19.50-19.60 per cent; six months 19.25-19.35 per cent; one year 17.65-17.75 per cent.

Mar. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lire	Asian $	Japanese Yen
Short term	16⅛-16¾	19⅜-19⅝	9½-9½	10⅛-10⅝	2¼-2½	7½-7⅝	12⅛-12¾	13-15	—	12-12½
7 days' notice	16⅝-16⅞	18⅝-18⅞	9½-9½	10¼-10½	2¾-3	7½-8	12⅞-13⅛	17½-19¼	19⅜-19¾	13¼-13¾
Month	18⅛-18⅜	18⅞-19⅛	15-15⅜	10⅛-10¾	5⅝-5¾	8⅜-8½	13⅝-13⅞	19½-20¼	18-19½	14¾-15
Three months	18⅜-18⅝	18⅞-19⅛	14⅛-14¼	11¼-11½	7⅛-7⅛	8⅞-9⅛	14⅜-14⅝	20¾-21¼	19⅜-19¾	14⅞-16⅛
Six months	18½-18¾	18⅞-19⅛	14¾-16⅛	11¾-12	7⅛-7⅛	8⅝-8¾	15-15¼	21¼-21¾	19⅝-19⅞	14⅞-15⅛
One year	17¾-18	18-18¼	14⅝-15	19¼-19½	7⅛-7⅛	8¾-8⅞	15⅛-15⅜	21-23	18-18⅛	13½-13¾

Long-term Eurodollar two years 16⅛-16½ per cent; three years 15¾-16 per cent; four years 15⅝-15¾ per cent; five years 15⅝-15⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Mar. 17	Pound Sterling	U.S. Dollar	Deutschemark	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.185	4.098	545.0	9.560	3.910	4.503	1906.	2.590	66.60
U.S. Dollar	0.458	1.	1.875	249.4	4.376	1.789	2.061	872.5	1.185	30.45
Deutschemark	0.844	0.533	1.	133.0	2.333	0.954	1.098	465.2	0.632	16.25
Japanese Yen 1,000	1.835	4.009	7.519	1000.	17.54	7.174	8.261	3497.	4.751	122.0
French Franc 10	1.046	2.286	4.285	570.1	10.	4.090	4.710	1994.	2.709	69.66
Swiss Franc	0.256	0.559	1.048	139.4	2.445	1.	1.152	487.5	0.663	17.01
Dutch Guilder	0.222	0.485	0.910	121.0	2.123	0.868	1.	423.3	0.575	14.77
Italian Lira, 1,000	0.525	1.146	2.150	285.9	5.016	2.051	2.362	1000.	1.358	34.89
Canadian Dollar	0.386	0.844	1.582	210.5	3.692	1.510	1.738	736.0	1.	25.68
Belgian Franc 100	1.504	3.286	6.162	819.5	14.38	5.880	6.771	2866.	3.894	100.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 17, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate. (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory. (nc) non-commercial rate. (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	8.8385
Algeria	Dinar	8.3550
Andorra	French Franc	9.56
	Spanish Peseta	152.55
Angola	Kwanza	62.685
Antigua (S)	E. Caribbean $	5.90
Argentina	Ar. Peso Free Rate	3,764
Australia (S)	Australian $	2.0045
Austria	Schilling	28.376
Azores	Portug. Escudo	109.55
Bahamas (S)	Ba. Dollar	2.1850
Bahrein (S)	Dinar	0.829
Balearic Isles	Spa. Peseta	152.55
Bangladesh (S)	Taka	34.70
Barbados (S)	Barbados $††	4.3700
Belgium	B. Franc	(cm) 66.50
		(fn) 69.45
Belize	B $	4.5700
Benin	C.F.A. Franc	478.0
Bermuda (S)	Bda $	2.1850
Bhutan	Indian Rupee	17.906
Bolivia	Bolivian Peso	54.50
Botswana (S)	Pula	1.7165
Brazil	Cruzeiro ‡‡	101.90
Brit. Virgin Isles (S)	U.S. $	2.1850
Brunei (S)	Brunei $	4.8400
Bulgaria	Lev	1.9420
Burma	Kyat	14.65
Burundi	Burundi Franc	205.775
Cameroon Republic	C.F.A. Franc	478.0
Canada	Canadian $	2.5886
Canary Islands	Spanish Peseta	152.55
Cape Verde Isle	Cape V. Escudo	79.60
Cayman Islands (S)	Cay. Is. $	1.8165
Cent. Af. Repub.	C.F.A. Franc	478.0
Chad	C.F.A. Franc	478.0
Chile	C. Peso	(bk) 85.02
China	Renminbi Yuan	3.3999
Colombia	C. Peso	(F) 97.96
Comoro Islands	C.F.A. Franc	478.0
Congo (Brazaville)	C.F.A. Franc	478.0
Costa Rica	Colon	18.80
Cuba	Cuban Peso	1.6148
Cyprus (S)	Cyprus £	0.793
Czechoslovakia	Koruna	(com) 11.85
		nic 95.58
		(T) 17.25
Denmark	Danish Krone	12.795
Djibouti	Fr.	385.0 (sg)
Dominica (S)	E. Caribbean $	5.90
Dominican Repub	Dominican Peso	2.1860
Ecuador	Sucre	(O) 54.66
		(F) 60.71
Egypt	Egyptian £	(U) 1.54
Equatorial Guinea	Peseta	152.55
Ethiopia	Ethiopian Birr	(P) 4.4950
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.795
Fiji Islands	Fiji $	1.8580
Finland	Markka	8.42
France	French Franc	9.56
French C'tyin Af*	C.F.A. Franc	478.0
French Guiana	Local Franc	9.56
French Pacific Is.	C.F.P. Franc	158.75
Gabon	C.F.A. Franc	478.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.0975
Germany (West)	Deutsche Mark	4.0975
Ghana (S)	Cedi	5.13
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	88.624

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.766
Grenada (S)	E. Caribbean $	5.90
Guadaloupe	Local Franc	9.56
Guam	U.S. $	2.1850
Guatemala	Quetzal	2.1850
Guinea Republic	Sily	41.65
Guinea Bissau	Peso	74.25
Guyana (S)	Guyanese $	5.5700
Haiti	Gourd	10.65
Honduras Repub.	Lempira	4.3800
Hong Kong (S)	H.K. $	10.9950
Hungary	Forint	(com) 72.35
		(T)(ncl) 46.47
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	17.905
Indonesia	Rupiah	1,362.5
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6520
Irish Republic (k)	Irish £	1.1050
Israel	Shekel	8.8300
Italy	Lira	1,906.0
Ivory Coast	C.F.A. Franc	478.0
Jamaica (S)	Jamaica Dollar	3.9000
Japan	Yen	545.0
Jordan (S)	Jordan Dinar	0.650(sg)
Kampuchea	Riel	2,815.0
Kenya (S)	Kenya Shilling	16.325
Kiribati	Australian $	2.0045
Korea (Nth)	Won	1.874(ll)
Korea (Sth)	Won	1,288.17
Kuwait (Sth)	Kuwait Dina	0.606
Laos	Kip Pot Po	872.00
Lebanon	Lebanese £	7.5200
Lesotho	S. African Rand	1.7705
Liberia	Liberian $	2.1850
Libya	Libyan Dinar	0.6458
Liechtenstein	Swiss Franc	3.91
Luxembourg	Lux Franc	66.60
Macao	Pataca	11.39
Madeira	Portug'se Escudo	109.33
Malagasy Republic	MC Franc	478.0
Malawi (S)	Kwacha	1.81
Malaysia (S)	Ringgit	4.8650
Maldive Islands (S)	Mal Rupee	8.5675
Mali Republic	Mali Franc	956.0
Malta (S)	Maltese £	0.782
Martinique	Local Franc	9.56
Mauritania	Ouguiya	98.05
Mauritius (S)	M. Rupee	16.90
Mexico	Mexican Peso	49.72
Miquelon	C.F.A. Franc	478.0
Monaco	French Franc	9.56
Mongolia	Tugrik	(o) 6.5742(ll)
Montserrat	E. Caribbean $	5.90
Morocco	Dirham	8.47(sg)
Mozambique	Moz. Escudo	65.15
Nauru	Australian Dollar	2.0045
Nepal	Nepalese Rupee	26.15
Netherlands	Guilder	4.5025
Netherland Antilles	Antillian Guilder	3.9020
New Hebrides	Franc.	149.10
	Aust. Dollar	2.0045
New Zealand (S)	N. Z. Dollar	2.2850
Nicaragua	Cordoba	21.90
Niger Republic	C. F. A. Franc	478.0
Nigeria (S)	Naira	1.246380(sg)
Norway	Norway Krona	11.1126
Oman Sultanate of (S)	Rial Omani	0.758
Pakistan	Pakistan Rupee	21.60
Panama	Balboa	2.1850
Papua N. Guinea (S)	Kina	1.5310
Paraguay	Guarani	278.05

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7445
Peru	Sol	exc(A) 587.89
Philippines	Philippine Peso	16.00
Pitcairn Islands (S)	£ Sterling	
	New Zealand $	2.2950
Poland	Zloty	(Cm) 68.85
		(T) 68.85
Portugal	Portugu'se Escudo	109.55
Port Timor	Timor Escudo	109.56
Puerto Rico	U.S. $	2.1850
Qatar (S)	Qatar Ryal	8.06
Reunion Ile de la	French Franc	9.56
Rhodesia	Rhodesian $	1.49575
Romania	Leu	(Cm) 10.05
		(c/o)T 26.95
Rwanda	Rwanda Franc	211.54
St. Christopher (S)	E. Caribbean $	5.90
St. Helena	St. Helene £	1.0
St. Lucia	E. Caribbean $	5.90
St. Pierre	Local Franc	9.56
St. Vincent (S)	E. Caribbean $	5.90
Salvador El	Colon	5.45
Samoa American	U.S. $	2.1850
San Marino	Italian Lira	1,906.0
Sao To'e & Principe	Dobra	78.40
Saudi Arabia	Ryal	7.32
Senegal	C.F.A. Franc	478.0
Seychelles	S. Rupee	14.50
Sierra Leone (S)	Leone	2.5604
Singapore (S)	Singapore $	4.8400
Solomon Islands (S)	Solomon Is. $	1.8960
Somali Republic	Somali Shilling	(A) 15.15
South Africa (S)	Rand	1.7705
South West African Territories (S)	S. A. Rand	1.7705
Spain	Peseta	152.58
Spanish ports in North Africa	Peseta	152.58
Sri Lanka (S)	S. L. Rupee	33.85
Sudan Republic	Sudan £ ‡	n/a
Surinam	S. Guilder	3.9020
Swaziland (S)	Lilangeni	1.7705
Sweden	S. Krona	9.606
Switzerland	Swiss Franc	3.91
Syria	Syria £	(A) 8.5590
Taiwan	New Taiwan	(P) 78.50
Tanzania (S)	Tan. Shilling	18.00
Thailand	Baht	44.45
Togo Republic	C.F.A. Franc	478.0
Tonga Islands (S)	Pa'anga	2.0045
Trinidad (S)	Trinidad & Tob. $	5.2400
Tunisia	Tunisian Dinar	0.879 (SG)
Turkey	Turkish Lira	158.40
Turks & Caicos	U.S. $	2.1850
Tuvalu	Australian $	2.0045
Uganda (S)	Uganda Shilling	16.525
United States	U.S. Dollar	2.1850
Uruguay	Uruguay Peso	(cm) 18.74
		(fn) 18.76
Utd. Arab Emirates	U.A.E. Dirham	8.20
U.S.S.R.	Rouble	1.4762
Upper Volta	C.F.A. Franc	478.0
Vatican	Italian Lira	1,906.0
Venezuela	Bolivar	9.36
Vietnam	Dong	(O) 4.7625
		(T) 4.834(ll)
Virgin Islands U.S.	U.S. Dollar	2.1850
Western Samoa (S)	Samoan Tala	1.9960
Yemen	Ryal	9.93(SG)
Yugoslavia	New Y Dinar	45.7008
Zaire Republic	Zaire	6.565743
Zambia	Kwacha	1.76

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports $4.55. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (ll) Based on gross rates against Russian rouble. ⊕Incentive rate.

INTERNATIONAL MONEY MARKET

European rates ease

Call money fell to 12¾ per cent from 13 per cent in the French money market yesterday, as the Bank of France gave assistance by taking bills into pension. This acts in a similar way to repurchase agreements, and provides funds at attractive rates for the banks. Day-to-day funds have fallen from 13¾ per cent a week ago, touching the lowest point for nearly three weeks, but long-term rates were firmer, with six and 12-month money rising to 14¼-14⅜ per cent from 14⅛-14⅜ per cent.

The authorities move to ease the upward trend in Paris interest rates reflects the continued strength of the French franc as the top of the European Monetary System, and the lack of any sharp firming in German short-term interest rates.

In Frankfurt call money was unchanged at 8.50-8.60 per cent, while one-month eased to 9.00-9.20 per cent from 9.15-9.30 per cent; three-month to 9.40-9.60 per cent from 9.60-9.75 per cent; six-month to 9.60-9.80 per cent from 9.80-10.00 per cent; and 12-month to 9.70-9.90 per cent.

In Amsterdam rates also declined, with call at 10-10½ per cent, compared with 10½-10¾ per cent; one-month at 10¼-10½ per cent, compared with 10⅝-10⅞ per cent; three-month at 11¼-11⅜ per cent, against 11½-11¾ per cent; and six-month at 11⅞-12 per cent compared with 11⅞-12⅛ per cent.

In Singapore prime rates continued to advance, following the recent trend in rates quoted by the big four local banks. Rates among the offshore banks and restricted banks — where limits are placed on the deposits they may accept — were generally increased to 11 per cent to 11¼ per cent.

MONEY RATES

NEW YORK

Prime Rate	17¾-18¼
Fed. Funds	16⅞-17¼
Treasury Bills (13-week)	15.40
Treasury Bills (26-week)	15.30

GERMANY

Discount Rate	7
Overnight Rate	8.55
One month	9.10
Three months	9.50
Six months	9.70

FRANCE

Discount Rate	9.5
Overnight Rate	12.75
One month	13.5625
Three months	14.3125
Six months	14.3125

JAPAN

Discount Rate	7.25
Call (Unconditional)	11.00
Bills Discount (three-month)	—

UK MONEY MARKET

Large help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Short-term interest rates showed a firmer trend in the London money market in reaction to President Carter's anti-inflation package. Rates were firmer for all periods in the interbank market and for sterling and dollar certificates of deposit.

Overnight money in the interbank market opened at 16½-16¾ per cent, and remained unattractively expensive for the discount houses at 17¼-17½ per cent for most of the day, but eased to 16¼-16¾ per cent, in late trading, before rising sharply to 19 per cent at the close.

The houses picked up some money at 16½-16¾ per cent, but not enough for their total requirements, and the authorities gave assistance on a large scale. The Bank of England bought a moderate amount of Treasury bills and a small number of local authority bills from the houses and banks, and also lent a small amount overnight to four or five houses at Minimum Lending Rate.

Banks brought forward small run-down balances from Friday, revenue payments to the Exchequer, including about £275m tobacco tax, moderately exceeded Government disbursements, and there was a small net take-up of Treasury bills to finance. These outweighed a small decrease in the note circulation.

GOLD

Sharp fall

Gold continued to fall in the London bullion market yesterday, losing $51 an ounce from Friday to close at $475-$483. The metal opened at $490-$498 and selling developed as investors switched out of gold in the wake of President Carter's latest anti-inflation package, and the consequent rise in the dollar. The metal was fixed at $480 in the morning but came back slightly at the afternoon fixing to $484. At one point during the day however, it touched a low of $470-$478.

In Paris the 12½ kilo bar was fixed at FFr 69,000 per kilo ($490.43 per ounce) compared with FFr 69,500 ($497.34) in the morning, and FFr 71,000 ($513.59) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,090 per kilo ($482.49 per ounce) against DM 29,685 ($502.49) previously.

	Mar. 17		Mar. 14	
Gold Bullion (fine ounce)				
Close	$475-483	(£217-221)	$526-536	(£237¼-241¼)
Opening	$490-498	(£223-227)	$530-535	(£240-246¼)
Morning fixing	$480	(£218.800)	$502.75	(£227.901)
Afternoon fixing	$484	(£221.551)	$523	(£236.812)
Gold Coins				
Krugerrand	$486-494	(£222½-226½)	$550-560	(£239½-248½)
Mapleleaf	$485-494	(£222½-226½)	$525-535	(£257¼-241¼)
New Sovereigns	$120-134	(£55-58)	$133-138	(£60-62¼)
King Sovs	$142-147	(£65-66)	$155-160	(£70-72¼)
Victoria Sovs	$142-147	(£65-68)	$155-160	(£70-72¼)
French 20s	$128½-132½		—	
50 pesos Mexico	$590-600		$650-660	
100 Cor. Austria	$475-485		$510-520	
$20 Eagles	$660-670		$700-710	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Mar. 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	16½-19	—	—	—	17¼-17½	16½-17	—	—	—
2 days notice	—	—	17⅝-18¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-17	17¾-18¼	—	18	17¾-17⅞	16½-16⅝	—	—	—
One month	17¾-17⅞	17⅞-17⅞	17⅞-18¼	18¾-18⅛	18	18	16⅝	18½-18⅝	18⅛	18½
Two months	18-17¾	17⅞-17⅞	—	18⅝-18¼	18¼	—	16⅝	16⅞	18	18¼
Three months	18-17⅞	17⅞-18⅛	18-18¼	18⅛-17⅝	18½	18¼-18⅛	16⅛	16⅞-16⅞	17⅞	18
Six months	18⅛-18⅛	17⅞-17⅞	17½-17⅝	17⅛-16⅞	17¾	18⅛	—	—	16⅞	16¾
Nine months	16⅞-16⅝	16⅝-17	—	17¼-16⅞	17½	—	—	—	—	—
One Year	16⅞-16⅜	16⅝-16⅝	16⅞-17⅛	17-16¾	17½	—	—	—	—	—
Two years	—	—	16½-16¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rate nominally three years 15⅞-16⅛ per cent; four years 15¾-16⅛ per cent; five years 15¾-15⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¾ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15¾-15⅞ per cent; two-months 15⅞-16 per cent; three-months 16⅞-16 7-64ths per cent. Approximate selling rates for one-month bank bills 17⅞-18 per cent; two-months 17¾ per cent; and three-months 17¾-17⅞ per cent; one-month trade bills 18¼ per cent; two-months 18 per cent; and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1132 per cent.

Who gets what in different kinds of banks

BY MICHAEL DIXON

THERE IS a belief abroad in the City of London that the international banks there now generally pay higher salaries than do their merchant-bank neighbours. So Lloyd Incomes Research lately decided to check this belief by surveying the pay and perks of people doing similar work in London-based banks of *either kind*.

The results of the study, which included 82 banks—30 merchant and 52 international—have just become available. The full report provides detailed information on 38 different banking jobs and on policies for recruiting and supplying numerous kinds of benefits. Anyone who wants the full version, priced at £100 on the open market, should contact Carole Fulton at 72-74 Brewer Street, London W1R 4DA; the telephone number (often engaged) is 01-437 2427, and the telex 25981.

She has, however, once again allowed the Jobs Column to publish for its readers the survey's basic figures on the pay and principal perks carried by the 19 jobs which the study found to have a maximum salary of at least £10,000. These *figures are set out alongside*, and the arrangement needs a few words of clarification.

First, for the benefit of the statistically primitive, let us imagine that the people in each of the 19 job-categories were ranked in descending order of salary. The "lower quartile" would then be the salary of the person a quarter of the way up from the bottom of the particular category's ranking, the "median" that of the person half way up, and the "upper quartile" the salary of the *person three quarters of the* way up.

Now for a complication. In the table, only the median figures differentiate the people doing the work concerned in the merchant banks, from their counterparts in the international banks. All the other columns — minimum, lower quartile, upper quartile, maximum, average additional money earnings, and percentage with *company cars—refer to all* doing the particular job in the merchant and the international banks, taken together.

On the evidence of the median figures, however, the higher salary was paid by the merchant banks in *10* of the *19* job-categories, and by the international banks in the other nine categories. In the remaining 19 jobs covered by the survey but not included in my table, the better median was paid by the merchant *fraternity* in *10* cases, by the internationals in eight, and in one case the medians were identical.

	Salary						Other benefits	
	Minimum overall £	Lower quartile overall £	Median-merchant banks £	Median-internat. banks £	Upper quartile overall £	Maximum overall £	Average extra earnings £	% with co. cars
1 London branch/general manager	10,000	20,000	21,000	20,000	20,000	37,000	3,333	92
2 Top money-market manager	12,480	17,500	20,900	17,500	19,250	30,000	2,515	60
3 Foreign exchange chief dealer	9,823	14,000	16,000	15,800	16,815	29,000	3,726	40
4 Operations manager	10,500	12,102	13,000	13,362	16,000	45,000	1,990	24
5 Credit manager	7,100	11,500	12,500	11,500	12,500	30,000	1,755	13
6 Data processing manager	6,648	11,000	11,500	11,802	12,758	21,642	1,268	16
7 *Personnel manager*	7,000	8,500	12,500	10,700	13,602	19,659	1,488	27
8 Investment manager	7,100	9,500	9,500	12,000	15,000	21,000	1,065	9
9 Sterling dealer	4,357	7,500	11,000	10,000	11,500	17,500	1,787	—
10 Corporate finance executive	7,500	8,391	9,000	12,000	15,500	30,000	1,654	18
11 Auditor	7,300	9,252	10,000	10,400	10,728	14,400	1,419	8
12 Loans officer	6,000	10,002	10,250	10,002	12,000	19,411	1,976	23
13 Investment analyst	7,500	8,500	10,900	8,001	10,947	12,621	—	—
14 Accountant	6,750	7,750	8,000	10,101	11,100	24,939	1,000	10
15 Loans administrator	5,000	6,311	7,000	8,025	10,878	18,600	1,252	—
16 Credit analyst	5,969	6,500	6,750	8,000	9,600	13,500	1,048	10
17 Supervisor—foreign exchange	5,500	7,002	7,500	7,002	7,500	13,000	1,032	—
18 Corporate finance assistant	6,411	6,650	7,300	6,650	9,000	11,400	1,309	12
19 Secretary to top executive	3,800	5,402	5,402	5,850	5,850	10,000	621	—

So the apparent finding of the Lloyds Income Research check is that the merchant banks are a bit ahead in generosity of pay, whatever the City grapevine may say to the contrary.

To guard repute

AN EMINENCE versed in the values and ways of the City is wanted by recruitment consultant John Anderson to put in at least three days a week as executive chairman of a Midlands-based, quoted company. The concern has a £30m turnover in *fast-moving* consumer goods, uses a specialised sales technique, and is thinking of attacking the U.S. market.

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Pay is negotiable from about £25,000. Perks—also open to discussion—could include car *and share-option*.

Being unable to name the employers, Mr. Anderson promises to honour any applicant's request not to be identified to the client until specific permission is given. Inquiries to him *at John Anderson and Asso*ciates, Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ. Tel: 021-632 5758.

The same applies to his other requirement for a works manager in charge of some 500 production staff at two factories making high quality underclothing for women. The *recruit will be responsible* to the general manager of the company concerned for all manufacturing activity, including union negotiations.

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Energetic chartered accountant with 10 years' experience in corporate finance now seeks entrepreneurial role in *venture/development* capital or turn-round situation; alternatively expansion - minded small / medium sized company. Southern Home *Counties* preferred. Limited capital available.
Write Box A.7089, Financial Times,
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PLANT AND MACHINERY

LARGEST STOCK OF high class used Fork Lift Trucks in the country, ready for immediate use. Bargain of the week. Reach Trucks fitted with new Exide batteries on 3rd March 1980, four-year battery guarantee. Prices: £3,000, £2,650, £2,900. Prices negotiable with Les Judd por M.D. List and photographs available upon request. Deliveries and finance arranged with pleasure. Birmingham Fork Lift Truck Ltd., 4-6, Hams Road, Saltley, Birmingham. Tel: 021-327 5944/5. Telex: 337052.

PROPERTY REVERSIONS

Buyers wanted for private properties occupied by over 70's (Kent, Essex, Sussex). Very suitable family trusts and pension funds. 35% to 66% *valuation.* No rents. No outgoings. Write:
Lordale Property Reversions Co.,
35 Station Road., Herne Bay, Kent.
Tel. 02273 6439

APPOINTMENTS

Samuel Montagu group post

Mr. Bryan Hawkins has been appointed managing director of JERSEY INTERNATIONAL BANK OF COMMERCE from April 1 and he will remain on the Board of its parent SAMUEL MONTAGU AND CO. as a non-executive director.

★

Mr. Brian Willott, an Under Secretary with the Department of Industry, has been appointed secretary to the NATIONAL ENTERPRISE BOARD from April 1. He will succeed Mr. John Caines, who is to return to the Department of Trade on completion of his secondment since 1977 to the NEB, from the civil service.

★

Mr. N. C. F. Barber, Mr. R. J. Gooseman and Mr. K. Wright have been appointed as executive directors of OCEAN TRANSPORT AND TRADING from April 1. Their existing responsibilities within Ocean will remain unchanged.

★

A corrected agency announcement states that Mr. Rod Williamson is to take over responsibility for the Frank B. Hall London office, not Mr. Clive Williams as reported on Saturday. Mr. Williams is managing director of LESLIE AND GODWIN (UK).

★

Mr. Alastair A. Dunn, managing director of Thornwood Investments, is to join the board of WIGHT HOLDINGS from May 1.

★

Mr. Graeme Jameson has been appointed managing director of IP BUILDING PAINTS, one of the divisions of International Paint. He is also managing director of IP Yacht Division.

★

Mr. C. Radley, manager of Ciba-Geigy's UK group insurance department, and Mr. J. A. Brewer, a director of Ilford, has been appointed to the board of CIBA - GEIGY (INSURANCE SERVICES). Mr. F. W. Hutchinson has retired from that board.

★

Mr. James Milne has been appointed managing director and chief executive of HALL RUSSELL AND CO. in succession to the late Mr. Douglas Paul. The company is a subsidiary of British Shipbuilders.

★

Mr. Michael Paterson has been appointed a director of the GLACIER METAL COMPANY, a member of the Associated Engineering Group. He will be general manager of Glacier's Kilmarnock factory. Mr. Paterson was previously with Wilkinson Sword.

★

Mr. Bryan Morrall, group managing director of JAMES HALSTEAD (HOLDINGS), has relinquished the chairmanship of Belstaff International but remains chairman of Titan Leisure Group. Mr. John Feildhouse, managing director of Titan Leisure Group, has been appointed chairman of Belstaff International. Mr. Michael Dodson, previously with the Portals Water Treatment Group, has been made managing director of Belstaff International.

★

Mr. Anthony H. B. Baird, Mr. Christopher E. Cartwright, Mr. Tom Grimes and Mr. John G. L. Hogg will join the partnership of WOOD MACKENZIE AND CO., stockbrokers, of Edinburgh and London on April 12.

★

Mr. Mike Kitchenham, a technical director with ARC CONSTRUCTION, has been appointed executive director responsible for civil engineering activities. Mr. Mike Byron and Mr. Dean Swift have joined the Board of its subsidiary, H. J. Rorke.

★

Mr. Roger Fouroux, chief executive officer of Saint-Gobain-Pont-a-Mousson, has been appointed chairman of COMPAGNIE DE MACHINES BULL which is the parent company of Cii-Honeywell Bull.

★

Mr. William H. Love has been elected chairman of the Board and chief executive officer of OCCIDENTAL OIL SHALE INC, a subsidiary of Occidental Petroleum Corporation.

★

BRITISH RAILWAYS BOARD has made two appointments in the headquarters of the chief mechanical and electrical engineer's department. Mr. Richard T. Ribbons has become traction and rolling stock engineer, and deputy to the chief mechanical and electrical engineer of the Board succeeding Mr. Bruce Sephton who has resigned from BR. Dr. David Boocock, design engineer (advanced passenger train), has taken over from Mr. Ribbons as traction design engineer. This post will later be re-designated Inter-City engineer with overall responsibility for design and maintenance of APT, Inter-City 125 and all Inter-City rolling stock. Mr. Clifford Hale is the new chief signal and telecommunications engineer for BRITISH RAIL, SCOTLAND, in place of Mr. David S. Jewell, who has retired.

★

Mr. Carl E. Johnson has been made director of cash administration EAM for DART INDUSTRIES INC. in Brussels. He will also be involved in investor relations for Dart Industries, Los Angeles.

★

Mr. John V. Burden, previously with Fenchurch Group Brokers, has become a director of RICHARDSON HICK AND PARTNERS (UK).

COMPANY NOTICES

PROVINCE OF NEWFOUNDLAND 10% 1979/1994 U.S.$50,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given to Bondholders that, during the twelve-month period ending March 14, 1980 U.S.$3,000,000 of such Bonds were purchased in satisfaction of the Purchase Fund.
Outstanding amount: U.S.$47,000,000.
Luxembourg, March 18, 1980.

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

RANK OVERSEAS HOLDINGS LIMITED

TO HOLDERS OF THE COMPANY'S AUSTRALIAN $12 MILLION 11¼% GUARANTEED LOAN NOTES 1983

NOTICE IS HEREBY GIVEN that the Annual Report and Accounts of Rank Overseas Holdings Limited for the year ended 31st October, 1979 are available from N. M. Rothschild & Sons Limited, New Court, St. Swithins Lane, London EC4 and the other Paying Agents named on the Loan Note Certificates.

B. C. OWERS, Secretary.
14th March, 1980.

SAVE & PROSPER (JERSEY) COMMODITY FUND LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Dolphin House, Colomberie, St. Helier, Jersey, Channel Islands, on Thursday 12th June 1980 at 12.30 p.m. for the following purposes.

Resolutions

1. To receive and consider and if thought fit adopt the reports of the Directors and of the Auditors and the Statements of Account for the year ended 31st January 1980.
2. To re-elect Mr. C. J. Messer, who was appointed a Director on 7th November 1979, as a Director of the Company, in accordance with Article 96.
3. To re-elect Mr. J. O. Campbell as a Director of the Company, in accordance with Article 91.
4. To re-elect Advocate Clyde-Smith as a Director of the Company, in accordance with Article 91.
5. To re-appoint Coopers & Lybrand as Auditors at a fee to be agreed by the Directors.
6. To confirm the payment of Directors' fees of £300 p.a. to each of Messrs. J. O. Campbell, A. Clyde-Smith, D. C. Eldridge and W. N. Romdall.

To transact any other business of an Annual General Meeting.

By Order of the Board.
SAVE & PROSPER (JERSEY) LIMITED
Secretaries.
5th March 1980.

RANK OVERSEAS HOLDINGS LIMITED

TO HOLDERS OF THE COMPANY'S CANADIAN $20 MILLION 9¾% GUARANTEED LOAN NOTES 1982

NOTICE IS HEREBY GIVEN that the Annual Report and Accounts of Rank Overseas Holdings Limited for the year ended 31st October, 1979 are available from the Bank of Montreal, 47 Threadneedle Street, London EC2 and the other Paying Agents named on the Loan Note certificates.

B. C. OWERS, Secretary.
14th March, 1980

PUBLIC NOTICES

TRUST DEED OF BLOUNT BLACK & GERRARD
formerly trading as Stock-brokers at 56 George Street, Edinburgh, and 9-10 Angel Court, Throgmorton Street, London and the individual partners thereof

NOTICE IS HEREBY GIVEN that Creditors of the above firm or its individual partners *are required if they have not already submitted claims, either to myself or the* Official Assignee of the Stock Exchange, London as my Agent to now send in their names and addresses with particulars of their debts or claims to me at 25 Abercromby Place, Edinburgh on or before 30th April 1980.

P. HAMISH ARMOUR,
Trustee.

25 Abercromby Place
Edinburgh EH3 6QS.
18th March 1980.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

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11-2.30 am. Shows at Midnight and 1 am.
Mon.-Fri. Closed Saturdays. 01-437 6455

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CONTRACTS AND TENDERS

INTERNATIONAL TENDER

FOR THE PURCHASE OF ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT

Invitation No. T-07/72

The Provisional Military Government of Socialist Ethiopia, Ethiopian Roads Authority, announces the release of an international tender for the purchase of road construction and maintenance equipment.

A loan is being sought from the African Development Fund (A.D.F.) and interested bidders from member countries and participating states of the A.D.F. are requested to collect bid schedules and specifications during office hours from the Procurement Office, Room 106, of the Ethiopian Roads Authority against payment of Birr 10.00 for each set of documents.

Bids will be opened in public in the Conference Room, 4th Floor, of the Ethiopian Roads Authority headquarters building on April 30, 1980, at 10.00 hours Addis Ababa time.

The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the tender.

Ethiopian Roads Authority.

WORLD STOCK MARKETS

Wall St. down 9.5 at mid-day

STOCKS ON Wall Street went into the broad and steep slide in moderate activity yesterday morning as investors registered their initial reaction to President Carter's anti-inflation plan.

The Dow Jones Industrial Average weakened 9.47 to 802.22 at midday, and the NYSE All Common index lost 75 cents to $59.32, while declines outpaced gains by a four-to-one margin. Turnover came to 17.88m shares at noon (20.21m).

Analysts stated that investors were disappointed with the package. Robert Nurock, of Butcher and Singer, said "everybody had extremely low expectations" for Carter's plan.

Analysts added that fresh weakness in the Bond market, which will be more directly affected by the anti-inflation programme, was also discouraging, although *moderate turnover* in both markets indicated that selling pressure was not heavy.

The retreat carried Oil, Banking, Precious Metals, Defence, Rail, Electrical Equipment, Steel and Aluminium shares lower, but a few key market issues firmed.

IBM picked up ⅛ to $60⅛, **General Motors** ¼ to $48⅛, **Eastman Kodak** 1⅛ to $46 and **American Broadcasting** ¼ to $30.

Oils were hard hit. Volume leader **Texaco** lost ⅞ to $35, **Gulf Oil**, in second place, 1½ to $41⅞, **Superior Oil** 5½ to $135 and **Royal Dutch** 4¼ to $73.

Banks, which will face higher costs as a result of the anti-inflation plan, lost ground. **BankAmerica** shed ⅞ to $21⅝, active **Citicorp** ½ to $18½, **Continental Illinois** 1½ to $21½ and **J. P. Morgan** ⅞ to $43.

Precious Metal shares declined *on falling Bullion prices*. **ASA** lost 1½ to $41, **Dome Mines** 3¼ to $56½, **Sunshine Mining** 3½ to $27¼ and **Hecla** 3⅞ to $28⅞.

THE AMERICAN SE Market Value Index was off 4.85 at 257.18 at noon. Volume 2.33m shares (2.31m).

Canada

Markets further weakened in active early dealings, the Toronto Composite Index falling 35.2 to 1,912.1 at mid-day. The Oil and Gas index lost 114.0 to 4,271.7, Golds 142.1 to 2,857.0 and Metals and Minerals 75.1 to 1,934.1.

Hong Kong

After the recent sharp retreat, the market rebounded in the morning session on the Exchange Banks Association's decision over the weekend against raising best lending rate despite last Friday's further rise in U.S. interest rates.

However, although brokers said the Carter anti-inflation measures were judged as less austere than *expected*, a weakening of the Hong Kong dollar yesterday pointed to a possible local Prime Rate increase this coming weekend, and the market lost some of its early advance during afternoon trading.

The Hang Seng index, after recording a rise of 28.73 at mid-day, receded to close a net 15.87 higher at 783.30. Business volume was moderate.

Hongkong Bank added 60 cents at *HK$21.00*, ***Jardine Matheson*** 20 cents at HK$14.70, **Swire Pacific "A"** 20 cents at HK$7.55 and **China Light** 40 cents at HK$17.60.

Among Properties, **Hong Kong Land** put on 20 cents to HK$11.50, **Cheung Kong** 40 cents to HK$19.70 and **Sun Hung Kai Properties** 70 cents to HK$16.70.

Tokyo

Shares mainly lost further ground in another thin business, with many investors holding off to await reaction on the New York Stock Exchange to President Carter's new anti-inflation package.

The Nikkei-Dow Jones Average lost 30.74 to 6,562.66 and the Tokyo SE index shed 1.61 to 451.62. Volume 180m shares.

Trading was also restricted by expectations that the Bank of Japan will raise the Official Discount Rate by 1.75 percentage points to a nine per cent rate today.

Steels, Shipbuildings, Machineries, Chemicals and some Trading Houses led the market's decline, but Oils provided a few firm spots, while Heavy Electricals and high-priced Electric Appliance Manufacturers advanced.

Hitachi Shipbuilding shed Y3 to Y159, **Kawasaki Heavy** Y5 to Y168, **IHI** Y4 to Y142, **C. Itoh** Y15 to Y450, **Marubeni** Y14 to Y385, **Toshiba Machinery** Y11 to Y466 and **Ebara** Y6 to Y386, but **Teikoku Oil** put on Y20 to Y1100.

Sony gained Y50 to Y1,650 ahead of announcing group net income of Y19.53bn for the first quarter, up from Y4.41bn in the year-ago period. **Hitachi** improved Y2 to Y239, **Toshiba** Y4 to Y187, **Pioneer Electronic** Y20 to Y1,750 and **Mitsumi** Y15 to Y478.

Switzerland

Bourse prices fell over a broad front in fairly active trading, depressed by the *sharply* higher dollar and the continued downward pressure on Bond prices. *The Swiss Bank Corporation* Industrials index weakened 5.4 to a new 1979-80 low of 284.8.

Domestic and Foreign Bonds retreated on sustained selling, with the 6 per cent European Investment Bank issue falling to 93 per cent in first-time trading compared with the 98.5 per cent issue price.

On the stock market, **Ciba Geigy** dipped 65 to SwFr 990, **Swiss Bank** 15 to SwFr 371 and **Brown *Boveri*** *55 to SwFr 1,605.*

Germany

Stocks mostly drifted easier in listless trading, sentiment dampening by the dollar's advance following the U.S. anti-inflation measures. The Commerzbank index declined 3.2 to 701.4.

Deutsche Bank receded DM 2.10, while **KHD** lost DM 3.50 in Engineerings and **BASF** DM 2.20 in Chemicals.

Public Authority Bonds registered falls extending to 60 pfennigs, but also some small gains of 10 pfennigs. The Bundesbank bought DM 3.1m nominal of paper. Mark Eurobonds were mixed.

Paris

Generally easier in moderate trading. Brokers said French investors were waiting to see how Wall Street would react to the Carter Administration's anti-inflation package.

Some market observers expressed apprehension that the surge in the dollar in the past week will weigh heavily on France's oil import bill. Also upsetting the market were the French trade figures for February, which showed a deficit higher than had been anticipated.

Oils were down sharply, especially **Esso** and **Elf-Gabon**.

Australia

Markets lost further ground over a wide front in thin nervous trading following the latest rise in U.S. Prime Rates, with most investors awaiting overseas *Commodity market reaction* to President Carter's anti-inflation measures. The Sydney All Ordinaries index receded 12.83 to 782.62 and the Metals and Minerals index 142.38 to 4801.27.

Leichardt Exploration fell A$ 1.40 to *A$4.00*, **Pancontinental** 70 cents to A$ 5.80, **Central Norseman Gold** 28 cents to A$ 5.02, **Western Mining** 20 cents to A$ 3.80, **Queensland Mines** 20 cents to A$ 5.60, **Utah** 11 cents to A$ 3.95 and **MIM** 15 cents to A$4.35.

Johannesburg

Gold shares moved sharply lower as the Bullion price fell on international markets. West Drie lost R5.50 to R67.00, Vaal Reefs R3.50 to R53.50 and Randfontein R1.25 to R67.00.

Closing prices for North America were not available for this edition.

CANADA

Stock	Mar. 14	Mar. 13
Abitibi	22	29
Agnico Eagle	16½	13
Alcan Alumn	62	63
Algoma Steel	33½	34⅜
Asbestos	38	30⅛
Bk Montreal	23½	23⅝
Bk Nova Scotia	23⅛	24

BELGIUM (continued)

Mar. 17	Price Frs.	+ or —
Petrofina	5,260	—50
Royale Belge	5,200	—60
Soc Gen Banq	3,450	+5
Soc Gen Belge	1,520	—30
Sofina	3,085	+80
Solvay	2,820	......
Traction Elect	2,300	+5
UCB	1,324	......

HOLLAND

Mar. 17	Price Fls.	+ or —
ACF Holding	67.5	+1.0
Ahold	57.1	+0.1
AKZO	22.9	—0.4
ABN	259	—4.5
AMEV	91	—1.2
AMRO	55.3	—0.2
Bredero Cert	192.5	—3

AUSTRALIA

Mar. 17	Price Aust. $	+ or —
ANZ Group	4.30	—0.05
Acrow Aust	1.00	......
Allstate Expl	1.02	—0.18
Ampol Pet	1.00	—0.02
Assoc. Pulp Pap.	2.40	......
Audimco	0.25	—0.05
Aust Cons Ind	1.80	—0.12
Aust Guarant	1.41	+0.01

JAPAN (continued)

Mar. 17	Price Yen	+ or —
Makita	990	......
Marubeni	385	—14
Marudai	505	......
Marui	639	—5
Matsushita	658	—4
M'ta Elec Works	510	......
M'bishi Bank	415	+1
M'bishi Corp	716	—1

Indices

NEW YORK — DOW JONES

NEW YORK ACTIVE STOCKS

SINGAPORE

HONG KONG

SOUTH AFRICA

BRAZIL

Financial Rand US$0.87 (Discount of 29½%)

Spanish prices Page 24

Copper and tin stocks fall

COPPER stocks held in London Metal Exchange warehouses fell again last week, it was confirmed yesterday. They declined by *1,100* to *114,825* tonnes—much in line with market expectations. Tin stocks also declined by 215 to 3,580 tonnes; so did nickel by 138 to 6,672 tonnes. However, lead stocks rose rather more than expected, by 1,025 to 8,750 tonnes as a result of shipments from the U.S. Zinc stocks rose by 1,575 to 49,000 tonnes and aluminium by 1,025 to 36,350 tonnes. LME silver holdings jumped by 1,730,000 to 15,060,000 ounces.

Movements in stocks were overshadowed by the reaction to President Carter's anti-inflation measures announced on Friday evening, and the fall in the value of sterling against the dollar. Fears of reduced demand for metals, as a result of the measures, and sharp falls in the U.S. markets were offset to some extent in London by the weakness of the pound encouraging firmer sterling prices.

In addition the markets were somewhat oversold last week in anticipation of the Carter announcement.

As a result losses in base metals were limited, and aluminium actually closed higher. But there were steep falls in silver and free market platinum.

World market sugar was hit, too, by selling from speculators, encouraged to move out of commodities by the high interest rates and the prospect of an industrial recession.

U.S. stockpile plans

WASHINGTON — The General Services Administration (GSA) plans a total turnover in the U.S. stockpile transaction fund of $4bn to $6bn over the next five years, Robert Cornell, GSA's assistant commissioner for stockpile disposal, said.

Mr. Cornell, in remarks prepared for delivery to a meeting of the National Association of recycling industries in San Francisco, said between $2bn and $3bn would be for disposals and a corresponding amount would be for purchases.

Congressional appropriations for the fund of slightly under $170m are expected in the fiscal year that starts on October 1 which will allow GSA to start a modest purchase programme.

Dismissal notices sent in Australian wool strike

BY PATRICIA NEWBY IN CANBERRA

DISMISSAL notices were issued to 1400 wool storemen and packers throughout Australia yesterday as the Federal Government brought in regulations to control the export of raw wool.

Talks at the Arbitration Commission in Melbourne on Saturday and yesterday failed to reach a solution to the strike by storemen and packers in Sydney and Melbourne, now in its eleventh week.

The talks will continue today in spite of the dismissal notices which take effect from next Tuesday.

The government regulations will be used to stop all wool exports, thereby enabling the wool brokers to dismiss storemen and packers on the grounds that there is no work for them.

The government and the brokers are trying to dry up the source of finance for the 450 members of the Storemen and Packers' Union who are holding up sales worth more than *A$500m (£250m)*. Those not on strike in other centres have been providing a levy of A$10 a week to support the strikers.

The plan to halt exports was worked out last Friday by a meeting in Canberra of representatives of the government, the Wool Council of Australia, the National Farmers Federation, the Australian Wool Selling Brokers Employers Federation and the National Council of Woolselling Brokers.

Mr. Peter Nixon, the Minister for Primary Industry, said yesterday after a Cabinet meeting in Canberra on the dispute that the Government still hoped for settlement around the conference table.

He denied that the Government's action in halting wool exports was provocative, saying that the Government had so far been criticised for being "too soft" on the wool storemen and packers who had refused to recognise the decision of the full bench of the Arbitration Commission.

The full bench earlier this year reduced to A$8 (£4) a pay rise of between A$12.50 (£6.25) and A$15.90 (£8) granted by Arbitration Commissioner, Mr. Justice Staples. The Storemen and Packers Union is seeking an over-award payment or prosperity loading to restore the difference.

Mr. Barry Purvis, spokesman fo the wool brokers said yesterday, dismissal notices were inevitable, given that wool auctions were virtually at a standstill.

Mr. Simon Crean, representing the storemen and packers' union, said some progress was *being made* in the talks but that the dismissal notices "certainly didn't assist."

The Government has so far resisted pressure from wool growers and brokers to use industrial legislation to de-register the union. In theory this would enable non-union labour to move the wool. Most observers feel, however, that even if the wool could be moved from the woolsheds, it could not be exported without being handled by other unions such as the Transport Workers Union and the Waterside Workers Federation who have stated that they would declare the wool black.

Cocoa producers seek summit after pact talks break down

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA producing countries plan to call a "*summit*" meeting to discuss the breakdown in negotiations last week for a new International Cocoa Agreement. The meeting will be held in the Ivory Coast on March 30-31.

Carlos Alberto Andrade Pinto, Brazilian chairman of the Cocoa Producers Alliance, told Reuter that the decision to hold the summit talks, which will be attended by heads of states, was taken during a meeting of the Alliance at London's Brazilian Embassy on Saturday.

In fact, a last ditch meeting of the International Cocoa Council is to be held on March 26-27 to see whether the impasse between producing and consuming countries can be broken before the Agreement officially expires on March 31.

Last week's talks about talks ended in acrimony even failing to agree to hold consultations to negotiate a new cocoa pact. The main stumbling block was the proposed price range. Producing countries, led by Ivory Coast, insisted that there must be a new minimum price of 120 cents a pound. Consumers claimed that the question of the price range had to be left until the negotiations on the proposed new pact started since it was partly dependent on the whole package to be agreed.

The failure to compromise was reported to be the result of "hard line" attitude taken by the Ivory Coast on the producing side, and—to the surprise of some delegates—the UK on behalf of consumers.

Indeed it was claimed that Britain was in disagreement with its fellow members of the EEC who were prepared to take a softer line. It was noted that at the International Tin Council meeting last week Pierre Legoux, French delegate, publicly accused Britain of trying to wreck all producer/consumer agreements by fiercely resisting any rise in the Tin Agreement price range, although this was finally agreed at a lower than expected level.

Unlike consumers, all the producing countries are united in claiming that 120 cents a lb is the absolute minimum they will accept. Their attitudes have hardened since last November when the previous cocoa pacts talks broke down, with consumers offering a minimum of 100 cents.

At the same time some consumer delegates are worried by the producers' moves to take unilateral action to boost market prices by withholding supplies. They feel that producing countries might prefer the agreement to be discontinued on its present basis, so that they can be paid out the accumulated buffer stock fund *of some $210m*

Call for new butter scheme

By Richard Mooney

BRITAIN could reduce its net contribution to the EEC budget—and cut the consumer *price of butter—by taking* advantage of a scheme under which the Community would *put up £3 for every £1 spent* by the Government on subsidising butter, the Consumers' Association claimed yesterday.

Under the existing scheme, which the EEC Commission proposes to scrap, Britain receives a special subsidy equivalent to just under 13p a lb. By ending this the Commission expects to save about £100m on the draft 1980 *budget, but Mr. Peter* Walker, the UK's Agriculture Minister is pressing for its retention.

The Association said in a document published yesterday that the alternative scheme *was actually more attractive* from Britain's point of view. It would result in a subsidy of almost 19p a lb—6p more than at present—of which the EEC would contribute 14p. To get this the Government would have to spend 5p a lb itself—about £20m in total. But this money would not be lost to the UK, the Association said. "British consumers would be benefiting not only from a larger share of EEC spending but also from the Government spending."

Fishing licences for UK vessels

THE GOVERNMENT has introduced measures giving it greater control over *fishing* by British vessels in waters to the south and west of Britain.

From April 7 vessels over 40 ft in length will need licences to fish for cod, haddock, whiting, sole and plaice in the Irish Sea, the Celtic Sea, the English Channel, the Western Approaches and waters south *and west of Ireland*.

Licences will be freely available and initially there will be no restrictions on the amounts of these species that can be caught. But the Ministry of Agriculture and Fisheries warned yesterday that if landings run ahead of expectations, fishing for particular species *may be suspended*. In this case the licensing system would ease fishery protection officers' difficulties in proving offences. The possibility of licences being withdrawn would also give a new sanction against the owners *of offending vessels*.

SUGAR PRODUCTION

Striking the right balance for Brazil

BY RIK TURNER IN SAO PAULO

BRAZIL could earn more exporting her 1980 cane production as sugar than would be saved in substituted fuel from alcohol production, according to Sr. Joao Francisco de Aguiar, a leading Brazilian economist.

Sr. Aguiar calculates that while "the 20 per cent alcohol presently mixed with petrol represents a saving of $300m. If the *3.4m* tonnes of cane used to produce this alcohol were transformed to sugar production, this *would* bring *export* earnings of $1.5bn at current prices."

The problem is that the government's national alcohol programme (Proacool) was set up at a time in the late 1970s of low prices for sugar on the world market. Indeed, Sr. Jorge Wolney Attalla, then president of the Sao Paulo Sugar Producers Co-operative, Copersucar, who was instrumental in the promotion of the scheme, heralded it as an opportunity for the sector to avoid stagnation. Throughout the 60s, sugar producers had benefitted from extensive government aid, leading both to over-production and heavy debt to the Banco de Brasil. Thus alcohol production, with a guaranteed demand once the nation's road transport was fully converted, came as a saviour in those troubled times.

But the situation has changed in the past year. A decline in production in Cuba and India have helped push world prices to the highest level for five *years*, making sugar exporting once again a lucrative activity. However, Sr. Camilo Pena, Trade and Industry *Minister*, recently defined the country's alcohol production targets as "not to *be altered*," and has stated that the Government does not intend to attempt a "production *balance*" between sugar and alcohol. Rather it will go ahead with the Proalcohol programme regardless.

Ironically, due to lack of storage space, and an incomplete distribution scheme, this year's alcohol production *of* 200m litres per month will actually overtake demand, so that some of the product will have to be exported.

Nonetheless, it remains to be seen whether the astute Sr. Delfim Neto, the country's powerful planning minister, will not seek to take advantage of the *atypical situation on the* world market to help achieve the balance on Brazil's current account which he has predicted for 1980.

Already there have been reports in Brasilia that the next *meeting* of the National *Alcohol* Council will authorise the export of an extra 25m bags of sugar, bringing another $600m in export earnings.

The expansion of can production under government incentives for Proalcohol continues to cause concern among farmers in Sao Paulo state. The state is presently responsible for 40 per cent of Brazil's cane production. Its capital, San Paulo City, is by far the biggest *consumer* of petroleum derivatives, both in terms of transport and industrial production, so it must bear the brunt of alcohol production. According to Sr. Osvaldo Palma, State Secretary for Trade and Industry, Sao Paulo will be responsible for 65 per cent—around 7m litres—of the 10.5bn litres national production set for 1985.

However, to do this, say farmers, cane *production may* have to replace other crops in the state, particularly beans, almonds and cotton. The director of the Sao Paulo state cane planters organisation recently warned of the danger of the product becoming a monoculture in the state, which has traditionally been the leading producer of foodstuffs in Brazil, even "exporting" to other states.

Sr. Palma the State Secretary, does not agree with this view, however, saying that only 12,000 square kilometres out of a total of 554,000 of pastureland in the state need *be devoted* to cane production. But there is a real danger of producers moving increasingly into cane, while Government incentives in this area remain so much more attractive than the financial support received for other crops.

Russian meat output could fall

WASHINGTON — USSR meat output this year could fall to between *14.6m* and 15m tonnes from *15.5m* last year, if total feed supplies are down 5 *per cent* to *10* per cent from the *1978* level, the U.S. Agriculture Department's attaché in Moscow said in a field report.

The report said that, with the shortage of protein supplies, plus a severe roughage and forage shortage, total meat output will most likely be closer to the lower end of the range.

The report said the meat production plan for this year seems to have been revised down to 15.9m to 16m tonnes, following the poor grain harvest and *expected cut in* grain and protein supplies as a result of the U.S. embargo.

That is lower than the 1979 plan and considerably below the original 1980 target of *17.3m* tonnes.

"Even the new target appears to be out of reach, as have been final meat plans *in* previous years," the report said.

However, the report noted there were many uncertainties in forecasting meat production in the USSR this year, including the weather and how effective the trade restraints will be by the main exporters on *grain* shipments.

If the grain suspension is only partially successful, and the *USSR has* favourable crop and pasture conditions, the fall in *meat* outut could be small, with *a* final result near the *1979* level.

Meat output from state resources in the USSR in the first two months of this year was *1,501,000* tonnes compared to *1,328,000* tonnes in the like period last year. Production of sausage products totalled 491,000 tonnes in the period compared to 477,000 tonnes last year.

USDA said the meat figure indicates a rise in distress slaughter during February. Statistics on herd and flock numbers are expected to be available next week and will provide details to analyse the slaughter rates.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange. The fall in gold prompted by President Carter's anti-inflation package depressed forward metal from £1,020 to £987 on the pre-market. However, the *weakness of* sterling, coupled with good consumer demand, lifted the price to £1,025 prior to the New York opening. This proved *lower than* expected and London came under renewed pressure to close the late Kerb at £1,000. Turnover: 25,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1013-14	+19	997-9	—15
3 months	1023-4	+7.5	1008.5-9.0	—17.5
Settlem't	1014	+19	—	......
Cathodes				
Cash	975-8	+7.5	958-63	—17
3 months	998-1000	+3	980-5	—20
Settlem't	978	+8	—	......
U.S. Prod	—	......	*99-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,015, 18, 14, 15, three months £1,028, 16, 20, 17, 16, 17, 19, 24, 23, 24, 25, 24, 23, 24. Cathodes, three months £1,000. Kerb: Wirebars, three months £1,021, 20, 19, 18, 17, 18, 16, 15. Afternoon: Wirebars, three months £1,020, 19, 18, 19, 20, 19, 13, 11, 10, 0, 8, 7, 6, 6, 8, 7, 8, 9, 10. Kerb: Wirebars, three months £1,005, 04, 03, 02, 01, 02, 03, 04, 03, 02, 1,000, 999.

TIN—Barely changed. Forward metal opened lower at £7,720 following a fall at Penang over the weekend, but quickly rallied to £7,790 on good demand for cash material coupled with the fall in sterling. During the afternoon profit-taking was met by covering against U.S. physical business and forward metal closed the late Kerb at £7,775. Turnover: 865 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7800-10	—28	7750-80	—6
3 months	7795-95	—22.5	7790-800	—10
Settlem't	7910	—20	—	......
Standard				
Cash	7800-10	—20	7750-80	—5
3 months	7785-93	—22.5	7790-800	—10
Settlem't	7910	—20	—	......
Straits E.	†82280	—21	—	......
New York	—	......	—	......

Morning: Standard, cash £7,800, three months £7,779, 80, 90. Afternoon: Standard, three months £7,790. Kerb: Standard, three months £7,780, 70, 80.

LEAD—Easier, reflecting the weakness of gold and copper. Forward metal opened *lower* at £455 and edged higher to £457 prior to easing, in the wake *of copper* and *gold, to* close the late Kerb at £452. The backwardation widened slightly despite a rise in warehouse stocks. Turnover: 5,450 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	481-3	—3	481-3	—14.5
3 months	456.5-8.0	+9	455-6	—13
S'ment	483	—24	—	......
U.S. Spot	—	......	*50	......

Morning: *Cash £483*, three months £457, 56. Kerb: Three months £455. Afternoon: Three months £454, 55, 57, 56, 55. Kerb: Three months £454, 55, 54, 53, 52.

ZINC—Lower, in line with the general trend in base-metals. After opening at £340 forward metal met selling pressure, *which depressed the* price to the day's low of £323 before a close on the late Kerb of £324.5. Turnover: 7,625 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	396-8	—5.5	521-3	—13
3 months	331-5-2.5	—4.5	528-9	—12
S'ment	328	—3	—	......
Primw'ts	—	......	*39.5	......

Morning: Cash £334, 29, 30, 28, three months £335, 37, 38, 37, 36, 35, 35, 34.5, 34, 33, 32, 31, 32. Kerb: Three months £332, 32. Afternoon: Three months *£330, 28, 28, 29, 30,* 29.5, 29. Kerb: Three months £329, 27, 26, 25, 24, 23.

ALUMINIUM—Firmer following persistent *buying of cash material* which widened the backwardation to around £20. Forward metal began the day at £832 and eased briefly to £825 before rallying strongly to £844. The close on the late Kerb was £843.5. Turnover: 8,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	963-4	+30.5	964-5	+19
3 months	842-.5	+16.7	844-0	+7.5

Morning: Cash £860, 62, three months £838, 40, 41, 43, 42, 42.5. Kerb: Three *months £841, 40*. Afternoon: *Cash* £864, 65, 64, three months £840, 41, 42, 43, 44. Kerb: Three months £843, 44, 43, 44.

NICKEL—Easier in quiet trading, with forward metal falling to £3,110 before recovering marginally to close the late Kerb at £3,135. Turnover: 504 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3020-0	—2.5	2980-3010	—20
3 months	3150-60	+15	3135-40	—7.5

Morning: Cash £3,025, three months £3,150. *Afternoon: Three months* £3,150, 30, 35. Kerb: Three months £3,140, 25.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed £1.672 an ounce lower for spot delivery in the London bullion market yesterday at £8.7705, its lowest level since early December last year, compared with £10.4425 on Friday. U.S. cent equivalents of the fixing levels were: Spot $18.010, down $4; three-month *$18.84*, down *$4.249*; six-month $20.607, down $4.448; and 12-month $21.237, down $4.59. The metal opened at £7.3-8.2 ($16-16) and *closed* at *£8.8-9.35 ($18½-19½)*.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	877.05p	—187	855p	—225
3 months	919.05p	—177	895p	—227
6 months	945.05p	—187	......	......
12 months	976.05p	—181	......	......

LME—Turnover 133 (191) lots of 10,000 ozs. Morning: Three months 900, 75, 60, 50, 30, 25, 20. Afternoon: Three months 900, 95, 890, 890, 900. Kerbs: Three months 880, 90, 80.

COCOA

Despite extreme movements in currency markets cocoa remained dull and traded within a narrow range before closing with small gains on balance, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1377-81	+15.0	1394-75
May	1407-08	+18.5	1420-05
July	1451-52	+18.0	1430-18
Sept	1436-38	+16.5	1443-37
Dec	1472-73	+11.0	1480-74
March	1496-1500	+17.5	1502-1496
May	1502-20	+22.5	—

Sales: 1,983 (1,404) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 14: 138.25 (138.55). Indicator price March 17: 15-day average 141.25 (141.39); 22-day average 142.97 (143.71).

COFFEE

Currency weakness together with renewed strength in the New York market influenced a higher opening in Robustas but gains were *limited* to £5-£7 following overhead trade resistance, reports Drexel Burnham *Lambert*. In the afternoon prices consolidated in a narrow range but a steady tone was maintained in quiet conditions. Erratic trading on the close saw values *drift from the earlier higher* level, though volume remained thin.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1021-26	+7.5	1655-20
May	1645-50	—	1660-40
July	1090-68	+3.0	1684-61
Sept	1086-89	+1.5	1703-90
Nov	1097-90	+2.P	1703-90
January	1070-85	—3.0	1689
March	1620-85	—7.5	—

Sales: 2,935 (3,179) lots of 5 tonnes.

ICS Indicator prices for March 14 (cents per pound): Other Mild Arabicas 184.50 (185.00); *Robustas* ICA 1976 170.00 (171.00); ICA 1968 170.25 (171.25); Unwashed Arabicas 205.00 (same); Como. daily ICA 1968 190.58 (191.25).

GRAINS

LONDON GRAIN FUTURES — The *market opened* 10p to 15p up and traded very quietly in the morning session. In the afternoon the market continued quiet and closed largely unchanged from lunch despite March barley's further gain of 25p. Volumes in both old and new crops were low, reports Acli.

WHEAT Mnth	Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	93.70	+0.30	96.53	+0.55
May	96.20	+0.30	94.80	+0.35
Sept	85.70	+0.30	91.05	+0.30
Nov	87.75	+0.35	93.73	+0.30
Jan.	101.70	+0.30	99.70	+0.25

Business done—Wheat: March 93.75-93.65, May 98.30-96.19. Sept. no trade, Nov. 97.70-97.60, Jan. 101.85-101.60. Sales: 61 lots of 100 tonnes. Barley: March 92.75-92.35. May 94.85-94.70, Sept. 91.60-91.50, Nov. 95.75-95.65, Jan. no trade. Sales: 106 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 95.30, E. Midlands 95.50. Feed barley: Eastern 92.80, E. Midlands 93.70, N. East 92.00, Scotland 91.10.

The UK Monetary Coefficient for the week beginning Monday, March 24, (based on HGCA calculations, using four-days exchange rates) is expected to decrease to 1.026.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, April 97.55, May 97.50, June 97.45, July 97.90, Aug. 97.90, Sept. 99.30 *transhipment* East Coast. English Feed fob March and April 99.00 quoted East Coast. Maize: *U.S./French* March 116, *April* 117 transhipment East Coast. S. African Yellow April 75.50. Rest unquoted.

RUBBER

The London physical market opened slightly easier, but steadied throughout the day on good terminal demand, closing on a steady note. Lewis and Peat reported a Malaysian godown price of 319 (321 nom.) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr.	68.10-69.25	68.00-69.05	69.45-68.25
May	70.00-70.50	69.00-69.50	70.30-68.50
Apr.-Jne	76.00-70.50	69.00-69.50	70.25-69.90
Jly.-Sept	73.90-74.60	72.30-72.40	74.00-72.00
Oct.-Dec	77.30-77.85	75.80-76.00	78.00-75.75
Jan.-Mar	80.05-80.95	78.60-79.60	80.95-80.15
Apr.-Jne	83.80-83.90	81.80-82.00	83.85-85.55
Jly.-Sept	86.75-86.90	84.80-86.00	86.65-85.00
Oct.-Dec	89.60-89.90	87.80-87.85	89.35-87.75

Sales: 45 (81) at 5 tonnes.

Physical closing prices (buyer) were: Spot 68.00p (67.00p); April 70.00p (68.75); May 71.50p (70.25p).

SOYABEAN MEAL

The London market opened £1.00 higher on very weak sterling, and remained steady throughout most of the day until late in the session. Commission house selling depressed prices to close unchanged, reports T. G. Roddick.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	110.00-16.5	+0.15	111.50-10.00
June	110.20-10.5	+0.20	111.50-10.20
August	112.00-12.5	+0.55	113.50-10.00
October	109.90-10.0	+0.00	111.00-09.90
December	116.00-15.5	—0.15	—
February	116.20-16.5	—0.10	—
April	118.00-20.5	+1.25	—

Sales: 70 (85) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £200.00 (£195.00) a tonne cif for March-April-May shipment. White *sugar daily price* was £215.00 (£210.00).

First trades were up to £4 below Friday's kerb close following sell at best orders at the opening. During the afternoon heavy selling developed and with New York opening limit down prices at the close were around the lows of the day, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	190.00-95.00	195.00-200.0	195.00-185.0
May	205.25-05.50	219.25-219.5	226.00-05.00
Aug.	212.50-12.75	225.00-227.0	232.00-10.50
Oct.	219.00-20.00	234.25-255.5	237.50-20.00

Sales: 7,702 (7,996) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only): May 201.25, 204.50; Aug. 215.00, 217.00; Oct. 220.00, 222.00; Jan. 220.00, 224.00; March 236.00, 237.00; May 237.10, 237.50. Sales: 336 (357).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £262.50 (£278.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for *March* 14: Daily price 17.95 (18.53): 15-day average 21.06 (21.32).

TEA AUCTION

LONDON TEA AUCTION — S1,207 packages were offered at yesterday's auction. Assame more selective inquiry; plainer lines shed *2p* 1p *3p*. Bright Africans gained several pence. Mediums were firm to dearer, and Central Africans were irregular. Ceylons were in good demand, *fully firm*. Price indications for the week: Quality 143p per kilo (142p); plain 64p (64p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in *order*: buyer, seller, *business, sales*). New Zealand cents per kilo. May 405, 406, 408, 6; Aug. 417, 419, 420, 1; Oct. 417, 418, nil, nil; Dec. 417, 419, nil, nil; Jan. 417, 419, nil, nil; *March* 423, 429, nil, nil; May 425, 434, nil, nil; Aug. 426, 434, nil, nil. Sales: 6.

SYDNEY GREASY WOOL—Close (in order buyer, seller, *business, sales*). March 480.0, 488.0, 490.0-480.0, 27; May 488.0, 489.0, 493.0-480.0, 152; July 504.0, 504.5, 508.0-499.0, 416; Oct. 504.0, 505.0, *509.0-502.5*, 132; Dec. 507.1, 507.5, 508.6-505.0, 65; March 507.5, 509.0, 509.0-507.0, 39; May 509.0, 510.0, 512.0-509.0, 14; July 510.0, 512.0, 512.0-509.0, 9. *Sales*: 857.

BRADFORD WOOL—No early solution to the Australian dispute was in sight and there were doubts about the effectiveness of planned *measures. The* merino supply situation was a little tighter and prices were responding.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Declining raw material values affected the turnover, and only small orders resulted. Activity was hampered by the absence of workable demand, except for specialised growths.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 65.0 to 69.0; Eire hindquarters 79.0 to 82.0, forequarters 48.0 to 51.0. Veal: English fats 77.0 to 86.0; Dutch hinds and ends 100.0 to 113.0. Lamb: English small 50.9 to 72.0, *medium* 64.0 to 70.0, *heavy* 56.0 to 64.0; Scottish medium 56.0 to 54.0. Imported frozen: NZ PL 53.0 to 54.0, *PM* 51.0 to 52.0. Pork: English, under 100 lb 39.0 to 49.9, 100-120 lb 38.0 to 47.0, 120-160 lb 37.0 to 45.0.

MEAT COMMISSION—Average latstock prices at representative markets *on March 17*. GB *cattle* 83.19p per kg lw (+1.34). GB sheep £162.7p per kg est dcw (+2.6): GB pigs 69.1p per kg lw (+1.5).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce. Oranges—Spania: Navels 4.00-5.00; Jaffa: *Shamouti 50/189s 4.20-5.45; Moroccan*: 64/113s 4.00-4.20; Cyprus: Valencia Latec 3.60-4.20. Ortaniques—Jamaican: 54/126s 6.50-7.25. Wilkings—Spania: 5.00-6.00. *Lemons—Italian*: 100/150s 4.40-4.80; Cyprus: 15-kg 84/120s 3.40-4.30; Californian: 99/165s 4.80-6.00; S. African: 80/120s 5.20-5.80. *Grapefruit—Cyprus: 20-kg 3.20-4.40*; Jaffa: Large boxes 32/88s 4.00-4.80; Florida: Pink Dash 36/48s 5.40-5.60. Apples—French: Golden Delicious, boxes 40-lb 138/175s *5.00-6.00*, 20-lb *2.50-3.20*. Starkcrimson, approx. 20-lb 72s 3.00; 40-lb 5.80-6.80; Italian: Granny Smith 20-lb, per pound 0.17, Jonathan 0.09½, Starking *0.10-0.14, Romes* 0.10. Pears—S. African: Approx. 34-lb Williams Bon Chretien 6.80, Beurre Hardy 8.50. Grapes—S. African: Alphonse Lavallee 7.20, Waltham Cross 6.00. Plums—S. African: Per pound Sungold 0.50-0.55. Avocados—Israeli: 4.60-5.00. Melons—Chilean: White 6.00, Green 5.00-10.00; Colombian: Green 10-kg 6.00. Pineapples—Ivory Coast: Each 12s 0.50-0.80, 6s 1.00-1.10; S. African: 6/8s 2.70-3.40. Bananas—Jamaican: 28-lb 0.17. Tomatoes—Canary: 5.00-6.30. Onions—Spanish: 4.50-6.50; Canadian: 50-lb 4.30; Chilean: Cases 72/100s 50-lb 5.30-5.60. Lettuce—Dutch: 24s 1.60. Cucumbers—Canary: 14/18s 1.60-2.40; Dutch: 3.63. Capsicums—Canary: Per approx 6 kilos 5.50; Cuban: 5.00. Celery—Israeli: 20/28s 3.20-3.60; Spanish: 18/36s 3.00-3.50. Cauliflowers—French: 24s 5.00-5.20; Jersey: 5.00. Chicory—Belgian: 5-lb 1.60. Potatoes—Italian: Boxes 20-lb 2.40; Egyptian: King Edward 5.30-5.40; Canary: 7.00; Cyprus: 29-lb, per pound 0.16. Dates—Tunisian: 30s per box 0.32-0.40.

English Produce: *Potatoes—Per* bag 2.30-2.80. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.09-0.16. Cox's Orange Pippin 0.13-0.20. Russets 0.11-0.12. Pears—Per pound Conference 0.07-0.13. Comice 0.16-0.22. Swedes—Per 25/28-lb 0.60-0.70. Turnips—Per 28-lb 1.20-1.40. *Sprouts—Per pound* 0.07-0.09. Carrots—Per bag 0.80-1.30. Cabbages—Per bag 0.80-0.90. White 1.30. Cucumbers—Trays 16/20s 3.60-4.20, prepack 16/20s 4.50-4.80. Tomatoes—Per pound 0.60-0.65. Lettuce—Per 12, round 0.90-1.10. Parsnips—Per 28-lb 1.00-1.20. Rhubarb—Per pound forced 0.16-0.18, indoor 0.14. Onions—Per bag 3.20-4.00. Beetroots—Per bag, round 1.30, long 1.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 17 1980	+ or —	Month ago
Metals			
Aluminium	£910/815	......	£910/815
Free Mkt	$1940/1660	......	$2180/22
Copper			
Cash w'bar	£999	—13	£1,306.3
3 mths	£1,009	—17.5	£1,324.5
Cash Cathode	£900.0	—17	£1,268.3
3 mths	£982.3	—20	£1,292.5
Gold troy oz.	$479	—31	$652.3
Lead cash	£482	—14.5	£501.0
3 mths	£455.0	—13	£483.3
Nickel	£3,355		£3,185.79
Freemkt(cif lb)	505/010c	......	505/500c
Platin'mtr'y oz	£189.0	......	£189
Free mkt	£962.90	—41.55	£390.25
Quicksilver†	$395/405	......	$428/416
Silver troy oz.	877.05p	—167.2	1557.4p
3 months	919.05p	—177.2	1090.2p
Tin Cash	£7,705	—5	£7,400
3 mths	£7,700	—10	£7,495
Tungsten 22.04lb	$130.76	......	$138.72
Wolfrm 22.04 lbs	$145/158	......	$139/144
Zinc cash	£326	—13	£391
3 months	£328.0	—12	£402.0
Producers	$820	......	$820
Oils			
Coconut (Phil)	$770w	......	$843
Groundnut	:	......	:
Linseed Crude	:	......	£446
Palm Malayan	£630r	......	$973
Seeds			
Copra Philip	$510r	......	$PPO
Soyabean (U.S.)	$278.85r	+9.4	$291.90
Grains			
Barley Futures	£94.80	—0.35	£99.63
Maize			
French No3 AM	£116	......	£116.25
Wheat			
No. 1 Red Spg.	:	......	:
No2 Hard Wint.	:	......	£93.25
Eng. Milling	:	......	:
Other commodities			
Cocoa ship.t	91,461	—1	£1,502
Future May	£1,407.9	+10	£1,472.3
Coffee F't'r May	£1,647.9	......	£1,523.5
Cotton A.Index	87.90c	—3.85	97.5c
Rubber (kilo)	69p	+1	84.93p
Sugar (Raw)	£200	+0	9250
Woolt'p's 64s kl	308p kilo	+9	295p kilo

s June. v May. t March-April. u April. w April/May. s July. z Indicator. § Buyer. † Per 76 lb flask.

U.S. food aid to Indonesia

BY RICHARD COWPER IN JAKARTA

THE U.S. has agreed to provide Indonesia with a $51m loan for the purchase of badly needed food imports. The agreement signed late last week brings total food aid provided under *America's PL 480* "food for peace" programme to Indonesia since 1977 to $400m.

U.S. market prices were not available before *going to press, due to the* change to British Summer Time.

The loan will be used to finance the purchase of 117,000 tonnes of rice and 60,000 tonnes of wheat from the U.S. The loan is to be repaid over 28 years at an interest rate of 2 per cent, with a grace period of eight years for which the interest will be 3 per cent.

The agreement brings the total amount of food aid granted to the Indonesian Government since such concessional sales began in 1955 to $1.5bn—the largest part of which has been used to finance rice imports.

Indonesia, increasingly unable to feed its fast growing population, is already the world's largest importer of rice which is the country's staple foodstuff. The U.S. food loan will help ensure security of rice supply while at the same time allowing the government to spend the proceeds from its sale locally in the best way it thinks fit. The U.S. wheat is part of the Indonesian Government's continuing efforts—so far not well rewarded—to get people to reduce their dependence on rice as their sole dietary staple.

According to Bulog, the national agency responsible for all rice purchases, Indonesia will need to increase rice im*ports* this year by a *record 40* per cent.

EUROPEAN MARKETS

ROTTERDAM, March 17.

Wheat—U.S. No. 2 Red Winter May $193, June $188, June $182, July $190. U.S. No. 2 Northern Spring, 14 per cent, March $187, April $196, May $194.90, June $195.50, July $196.50, Aug. $196.50. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afloat $132.50, March $139.50, April $133, May $134.50, June $138, July-Sept. $142.50, *Oct.-Dec.* $147, *Jan.-March* $155.

Soyabeans—U.S. Two Yellow Gulfports March $261.25, April $262.75, May $265.25, June $270.75, July $273.75, Aug. $278, Sept. $260.75, Oct. $282.75, Nov. $282.75, Dec. $289.25, Jan. $292.75, Feb. $299.75, March $302.25.

Soyameal—44 per cent protein U.S. afloat $226, March $227, April $226, *May* $225, June $226, April-Sept. $230, Nov.-March $248. Brazil Pellets March $235, April $232, May $231, April-Sept. $237.

PARIS, March 17.

Cocoa (FFr per 100 kilos)—March 1260-1320, May 1321-1329, July 1330-1350, *Sept*. 1341-1358, *Dec*. 1355-1375, March 1370-1380. Sales at call 0.

Sugar (FFr per 100 kilos)—May 1940-1945, July 1960-1965, Aug. 2032-2040, Oct. 2080-2100, Nov. 2080, Dec. 2160, March 2190, May 2220. Sales at call 34.

INDICES

FINANCIAL TIMES

Mar. 14	Mar. 13	M'nth ago	Year ago
282.80	291.03	308.26	270.79

(Base: July 1, 1952=100)

MOODY'S

Mar. 14	Mar. 13	M'nth ago	Year ago
1244.4	1201.2	1458.7	1062.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 14	Mar. 13	Month ago	Year ago
Spot	410.44	407.05	467.30	381.22
F'tur's	43P.77	429.68	470.82	397.20

(Average 1924-25-26=100)

REUTERS

Mar. 17	Mar. 14	M'nth ago	Year ago
1731.5	1719.7	1821.2	1556.5

(Base, September 18, 1931=100)

GRIMSBY FISH—Supply good, demand moderate. Prices at ship's side (unprocessed) per stone: Shell cod £3.00-£4.20, codlings £2.20-£3.60. Large haddock £3.30-£4.20, medium £3.30-£4.00, small £1.80-£2.20. Large plaice £3.00, medium £3.00, best small £3.00-£3.30. Skinned dogfish (large) £12.00, medium £11.00. Lemon soles (large) £10.00, medium £9.00. Saithe £2.00-£2.30.

● THE FIRST Hull trawler to return since the collapse of its home port landing facilities will take her catch to Grimsby. The Kirkella, which has been fishing off the Norwegian coast, has 540 tonnes of frozen fish.

A spokesman for her owners, J. Marr and Son, said they were being quoted £51 a tonne for discharging the catch at Hull which was too expensive. Grimsby has made a much cheaper offer for handling the catch at the commercial docks.

LONDON STOCK EXCHANGE

Mining issues lead fresh falls in despondent markets
Trade returns no help—index down 6.7 to 433.2

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6

* "New time" dealings may take place from 9 a.m. two business days earlier.

The despondency prevalliog in stock markets througbont last week gave no sign of lifting yesterday when the final leg of the trading Account began. Announcement of President Carter's aoti-inflation measures, whicb seem likely to enhance the prospect of worldwide recession, added to tbe adverse influences affectiog sentimeot and inhibiting investment interest in most sectors with the exception of Gilt-edged aecurities.

Foremost among the factors causing the current market unease was the UK economic situation, the fear that the Chencellor may impose an excess profits tax on oil and banking groups because of recent sharply increased earnings, the unresolved steel dispute and the persisting feeling of possible financial difficulties.

Althougb Settlement Day passed without any problems yesterday, the market appeared unconvinced that the heavy speculative losses incurred recently in Australian exploration stocks had been settled and preferred to believe that some debts had been either rolled over or even deferred through stock delivery delays.

Selliog pressure on leading industrials was relatively light, but dealers had no wish to take more stock on their hooks and tbe treod was thus progressively lower. After the 3.30 pm news of February's trade deficit, the tone weakened again in places and many front-line industrials closed at the day's lowest. This was reflected in the FT 30-share index which ended 6.7 down at the session's worst of 433.2.

Nerves in the Mining sectors were further strained by the continuing slide in the bullion price. South African Gold Shares were hit the hardest and, after attempting to rally at one stage, went easier late on American offerings. Losses were sizeable and exteoded to nearly three points among heavyweight stocks; the FT Gold Mines index, which fell nearly 19 per ceot last week, came back 15.2 more to 271.3. Australian issues also weakened.

British Funds however were only marginally easier. Scattered selling of the shorts [illegible] losses ranging to [illegible] the longs were generally only [illegible] despite today's £250m call on the long tap stock Treasury 11 per cent 1996 which, io £20-paid form yesterday, stayed at 19⅝. Following the announcement of February's trade returns, the tone late in Gilt-edged bardened a sbade.

Activity io Traded options remained at a low ebb and only 389 trades were reported; last week's daily average was 531.

Banks easier

The major clearing banks started tbe week oo a dull note, drifting lower for waot of support. Comment on lest Friday's results left Midland 8 down at 322p, while NatWest closed 7 lower at 315p. Barclays, which brings the dividend season to a close on Thursday, cheapened 6 to 412p. Bank of Scotland declined 8 to 245p in sympathy. Elsewhere, still awaiting further news of the Hong Kong and Shanghai bid approach, Antony Gibbs softened a couple of pence to 80p. Hambros came on offer at 313p, down 7, but Sterling Credit at 15p, retrieved a penny of Friday's fall of 3 which followed shock news of the interim deficit and Board's hearish remarks about second-half prospects. London Scottish Finance held firm at 39p awaiting today's interim results.

Insurances remained dull. GRE, 230p, Phoenix, 220p, and Royals, 326p, all fell 4 among Composites, while Willis Faber cheapened 2 to 245p in Lloyd's brokers.

Pre-Budget nervousness precluded investmeot interest in Breweries, which closed with falls to 5. Scottish and Newcastle eased 1½ to 55p, while Bass fell 4 to 212p. Among regional counters, Wolverhampton and Dudley shed 5 to 307p, while Vaux gave up 2 at 142p. Similar influences also took their toll upoo Wines and Spirits. Distillers eased 3 to 196p, while Highland, 120p, and Arthur Bell, 166p, fell 5 and 4 respectively. Tomatin, annual results due today, lost the turn to 193p, but Invergordon firmed that much to 220p following better-than-expected results.

Timber shares, the subject of a considerable amount of bid speculation recently, turned easier. M. L. Meyer reacted to 110p before settling at 112p for a fall of 5, while Magnet and Southerns gave up a similar amount at 170p and [illegible] Deony lost 4 to 60p. Elsewhere in Buildings, Blue Circle fell 6 to 290p. Tilbury Contracting encountered fresh selling and fell 5 more to [illegible], while [illegible] Lovell, a good market of late, reacted a like amount to [illegible]. Barratt Developments eased [illegible] to 119p despite the increased interim dividend and profits.

Chemicals gave ground, but ICI closed only a penny lower at 362p, after touching 360p in the early dealings.

Stores lower

The Store majors succumbed to the general malaise. Sporadic offerings and lack of support prompted falls of 4 apiece in British Home, 269p, aod Gussies A, 386p, while House of Fraser cheapeoed 3 to 131p. Secondary issues geoerally moved in a similar direction with Moss Bros. closing 4 down at 258p and Ratners 3 lower at 47p. Ahead of tomorrow's first-balf results, James Walker gave up 2 to 92p. Home Charm relinquished a similar amount to 144p, but in contrast, Arthur Henriques edged forward a couple of pence to 38p. In Shoes, Ward White eased 2 to 66p awaiting today's preliminary results. Pittard closed unaltered at 43p, after 45p, despite the sharply higher annual profits.

Easier conditions persisted in the Electrical sector. The larger losses were confined to the more popular secondary issues where falls of 10 were marked against Automated Security, 24½p, and United Scientific, 457p. Farnell, 290p, and Eurotherm, 318p, reacted 6 and 7 respectively, while Berec were vulnerable [illegible] scattered offerings and gave up 6 at 100p. Renewed selling [illegible] Louis Newmark down [illegible] at 315p. Leading issues tended [illegible] close a little [illegible] GEC ending [illegible] at [illegible] after 353p and [illegible] at 294p, after [illegible].

Light selling and lack of support made for [illegible] conditions in the [illegible] sector. GKN were particularly vulnerable and fell [illegible] while Tubes, awaiting tomorrow's preliminary results, lost 6 to 276p. Hawker, 165p, and John Brown, 51p, reacted 5 and 2½p respectively. Among secondary issues, renewed offerings left British Aluminium 6 cheaper at 227p and B. Elliott a similar amouot cheaper at 260p. Chemrig came back 8 to 132p in a limited market aloog with Yarrow, which gave up 10 at 305p. IMI, a penny lower at 53½p, failed to benefit from the joint drinks dispenser vaoture with a U.S. company.

Channel Tunnel up

Foods were easier across the board. Among the leaders, J. Sainsbury fell 4 to 303p and Associated Dairies a like amount to 172p. Tate and Lyle, 136p, and British Sugar, 164p, lost 2 apiece, while United Biscuits continued to be unsettled by last week's cash call and closed 3 cheaper at 72p. Confectionery issues turned easier and falls of 4 were recorded by Taverner Rutledge, 22p, and Barker and Dobson, 18p. George Bassett, 66p, lost Friday's Press-inspired gaio of 2. Brooke Bond held steady at 51p in front of today's half-timer, but Bejam, interim tomorrow, eased a penny to 57p. Press comment failed to lift Associated Fisheries, a shade easier at 60p. Support was also lackiog for Amos Hinton, 4 lower at 70p, and William Morrison, a couple of peoce easier at 146p.

Channel Tunnel rebounded smartly, and closed 90 better at 220p on reoewed hopes that a decision oo the project will be made soon. Elsewhere io miscellaneous industrials, adverse comment contioued to depress Dalgety which gave up 7 to 356p, while fuod raising rumours brought about a fresh relapse of 18 to 602p in De La Rue. Down to 319p ioitially in reactioo to a "shell" recomeodation, BTR rallied to finish uncbanged on balance at 329p after the better-than-expected preliminary results and proposed ooe-for-three scrip issue. Down 7 last week on news of the abortive bid talks, Howard Tenens attracted early support on talk that a new suitor may be waiting in the wiogs and touched 77p before reacting late to close a net penny easier at 72p. Despite the increased annual earnings and proposed 25 per cent scrip-issue, Relyon PBWS lost 2 to 96p and Thomas Tilling gave up a like amount to 124p ahead of tomorrow's results. Sothebys came on offer at 448p, down 17 and Hays Wharf dipped 6 to 154p. The leaders treoded quietly dull with Turner and Newall, still overshadowed by the poor preliminary figures, closing 3 off at 105p. Unilever shed 10 to 425p and Reckitt and Colman eased 4 to 192p; the latter's full-year figures are due next Tuesday.

Among Leisure issues, Ladbroke eased 6 to 134p on news of casino redundancies following the rejection of its licences' appeal. LWT A, dull last week following News International's disposal of its 25 per cent holding in the company, eased 3 more to 119p. Campari shed a like amount to 65p. Reports that Bass may be interested in obtaining the company's botel chain prompted early firmness in Coral, but support was not maiotained and the close was a penny cbeaper on balance at 76p.

Demand was again evident for poster advertising issues. More O'Ferrall added 5 to 135p, while Mills and Allen, interim results Thursday, picked up 7 to 315p. In Paper/Printings, however, the trend was to lower levels. Inveresk, mid-term results today, shed 4½ to 34p, while Bunzl Pulp closed 3 cheaper at 109p.

Properties succumbed to the malaise. Closing falls ranged to 10 with Haslemere that much down at 296p and MEPC, 188p. Stock Conversion, 360p, close 7 and 6 lower respectively. Great Portland Estates shed 8 to 225p as did Fairview Estates to 230p; the latter's interim results are due next Tuesday. Bradford declined 6 to 164p and Rush and Tompkins cheapened 5 to 132p. Against the trend, Warnford Investments gained 5 to 370p.

Oils weaken afresh

Persisting fears of either a "windfall" profits tax or an iocrease in petroleum revenue tax in the forthcoming budget contioued to weigh heavily on the Oil market. Secoodary issues were particularly vulnerable to fresh selling which found the market unwilling. Siebens (UK) weakeoed 55 to 525p, while falls of 15 were common to Cambridge, 230p, and Gas and Oil Acreage, 375p. Cluff fell 30 to 310p and Burmah 11 to 194p. Premier weakened 10 to 53p. Amoog the leaders, BP held relatively steady at 348p, down 4, but Shell lost 14 to 356p.

Falls were fairly widespread througbout Trusts. Reflecting the setback in the Oil sector, Oil and Associated gave up 6 to 76p and Atlantic Assets 5 to 157p.

Among Shippings, Furness Withy closed only 5 to the good at 390p, the increased offer of 420p per share from C. Y. Tung being countered by fears that the bid may be referred to the Molopolies Commission. James Fisher hardened 3 to 312p in response to the preliminary figures and proposed ooe-for-one scrip issue.

No respite for Golds

President Carter's anti-inflation package, announced over the weekend, brought further pressure to hear on the bullion price and led to renewed widespread selling of mining issues.

South African Golds suffered sizeable losses for the sixth time in seven trading days as the bullion price dropped $51 more to $479 an ounce, the first time this year it has closed below the $500 level.

The sharemarket opened sharply lower, anticipating the fall in gold, and continued to lose ground throughout the day as selling emerged from local and overseas sources. One or two attempts at a rally met with increased selling pressure and quotations at the close were the day's lowest.

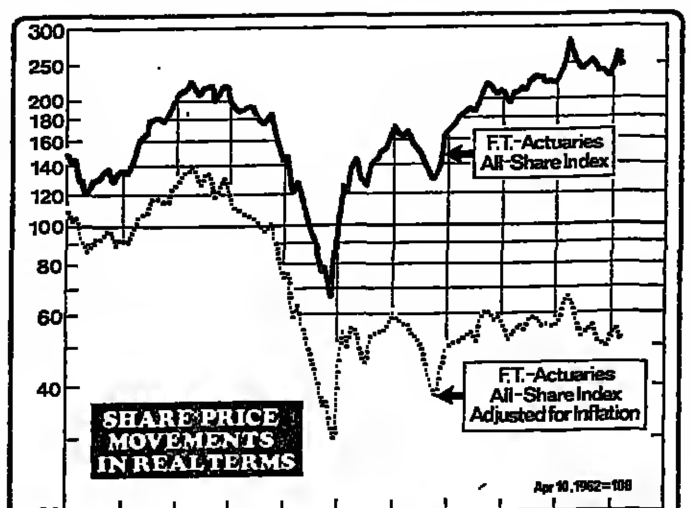
The Gold Mines index dropped 15.2 more to 271.3—its lowest level since January 9 and a fall of nearly 28 per cent since the beginning of the month.

The marginal producers were particularly weak. Durban Deep retreated £1½ to £10½ and East Rand Proprietary £1½ to £10.

The weakness of Golds spread into Financials where falls of £2 and more were common to "Amgold" £32 and GFSA £31½. Anglo American Corporation were marked down 35 to 500p and Johnnies £1½ to £25. Loodoo issues found little support Selection Trust dipped 42 to 664p, after 658p, Gold Fields gave up 20 at 456p, after 452p and Rio Tinto-Zinc dropped another 16 to 344p.

Platinums reflected the further decline in the free market platinum price, which was trading around $660 an ounce yesterday after having broken through the $1,000 level two weeks ago. Lydenburg and Rustenburg were both 17 off at 123p and 197p respectively.

Australians declined across a broad front in sympathy with overnight domestic markets and the precious metal markets. The Rundle partners showed Central Pacific £1½ down at £16 and Southern Pacific 112 cheaper at 575. Leichardt Exploration dropped 25 more to 215p; the company has provided the Adelaide Exchange with further details of its recent acquisition, Mopani. Among Golds, Gold Mines of Kalgoorlie fell 23 to 175p and Poseidon 9 to 90p.



FINANCIAL TIMES STOCK INDICES

—	Mar. 17	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 10	A year ago
Government Secs.	64.15	64.22	64.10	64.09	64.18	64.15	71.55
Fixed Interest	64.75	64.60	64.62	64.82	64.76	64.70	72.56
Industrial	433.2	439.9	447.0	444.8	455.6	452.3	509.7
Gold Mines	271.3	286.5	299.5	310.8	298.6	337.9	169.6
Ord. Div. Yield	7.92	7.79	7.65	7.56	7.42	7.48	5.55
Earnings, Yld. % (full)	20.39	20.07	18.62	18.80	18.42	18.55	14.76
P/E Ratio (net) (*)	6.96	6.05	6.56	6.50	6.65	6.59	8.63
Total bargains	16,723	17,420	18,460	19,041	20,284	20,341	—
Equity turnover £m	—	95.00	87.49	110.92	85.27	90.77	94.60
Equity bargains total	—	12,846	14,008	13,963	14,702	16,024	23,379

10 am 437.0. 11 am 435.8. Noon 435.2. 1 pm 434.0. 2 pm 433.3. 3 pm 433.5.

Latest Index 01-246 8026.

*Nil=6.73.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (16/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2/80)	139.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 17	Mar. 14
—Daily		
Gilt Edged	118.0	106.3
Industrials	107.1	119.9
Speculative	50.8	57.0
Totals	77.8	80.1
5-day Av'ge		
Gilt Edged	116.6	121.4
Industrials	112.9	117.4
Speculative	58.2	56.4
Totals	79.7	82.3

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (11)

BUILDINGS (1)
Brownlee

STORES (1)
Henriques A

INDUSTRIALS (3)
Kalamazoo
Macmillan (P. & W.)
Royal Worcester

NEWSPAPERS (1)
Haynes Publishing

SHIPPING (1)
Fisher (J.)

TEXTILES (1)
Mountleigh

TRUSTS (2)
Kellock
Kellock Conv. Ln.

MINES (1)
Robert Mines

NEW LOWS (61)

AMERICANS (1)
Firestone Tire

CANADIANS (3)
Canadian Imp. Bk.
East. Pacif. 4pc Deb.
Algernone

BANKS (1)
Allied Breweries

BEERS (1)
Tilbury Contracting

BUILDINGS (2)
Wiggins Cons.

CHEMICALS (4)
Ciba Geigy 8½pc Cnv. Nts. Fin. 10pc 82/85
Hoechst

STORES (1)
Amber Day

ELECTRICALS (2)
Chloride
Floclity Radio
Scottish Centres

ENGINEERING (7)
Acwood
Davy Corp.
Dunford
Evs. Inds.
Hunt & Moscrop Dis.
Jessel
Inv. Hldgs.

FOODS (6)
Alpine Soft Drinks
Sutver & Dobson
Tavener Rutledge

INDUSTRIALS (19)
Airfix Inds.
Avon Rubber
Brown Boveri Kent
Enmanuals (Mus.)
Eurocul
Eurndene
C. H. Inds.
Charles Wales 12pc Pfg. Pf.
Cope Allman
Sykes (J.)
Hirst & Mallinson
Monument
Norcros
Oce Finance Cv.
Parrott
Plessey
Rosebud
Sangers
Skeep
Sutton
Tunnel (S.)
Unilever
Utd. Guarantee

LEISURE (2)
Campari Int.
Fairline Boats

MOTORS (2)
Vert Trailer
Automotive

NEWSPAPERS (2)
Zeeling
Collins (William)

SHIPPING (1)
Watson Brothers

TEXTILES (1)
British & Cronwin
Manchester Liners

TRUSTS (3)
Crescent Japan
Jardine Japan
Montague Burton Wts.
Robeco Sub. Shs.
Nippon Fund

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	5	54	30
Corpns., Dom. and Foreign Bonds	4	3	57
Industrials	53	813	733
Financial and Prop.	20	289	191
Oils	2	33	8
Plantations	0	3	17
Mines	5	107	42
Others	48	45	33
Totals	144	1,151	1,113

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Mar. 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Mar. 14 Index No.	Thurs., Mar. 13 Index No.	Wed., Mar. 12 Index No.	Tues., Mar. 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	233.94	−1.5	18.70	6.71	6.73	237.55	240.42	241.14	243.31	257.11
2	Building Materials (28)	228.39	−1.3	17.37	6.85	7.35	231.37	234.27	235.82	236.84	238.26
3	Contracting, Construction (28)	362.44	−0.8	26.04	6.68	4.69	365.35	367.22	368.80	370.17	389.06
4	Electricals (15)	604.01	−1.2	13.37	4.13	9.97	611.60	620.77	617.46	624.27	610.95
5	Engineering Contractors (11)	274.46	−1.0	26.98	9.33	4.72	277.11	279.23	281.34	285.23	397.86
6	Mechanical Engineering (74)	159.46	−1.9	21.52	8.18	5.77	162.58	163.91	164.84	166.57	194.91
8	Metals and Metal Forming (16)	158.63	−2.5	21.68	9.76	5.50	162.75	165.76	167.67	169.50	171.90
	CONSUMER GOODS										
11	(DURABLE) (50)	210.39	−1.8	16.91	5.92	7.27	214.17	216.29	217.13	218.46	233.28
12	Lt. Electronics, Radio, TV (15)	298.24	−1.7	12.89	4.46	9.95	303.53	306.51	307.48	308.91	311.86
13	Household Goods (14)	105.46	−1.0	28.18	10.40	4.20	106.51	106.98	108.09	108.12	169.53
14	Motors and Distributors (21)	104.94	−2.0	25.40	8.91	4.62	107.08	108.29	108.77	110.00	123.56
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	212.92	−1.5	19.03	7.23	6.47	216.06	218.21	219.47	221.29	241.60
22	Breweries (14)	256.83	−1.5	17.21	6.83	6.82	260.76	261.18	264.46	266.84	255.52
23	Wines and Spirits (5)	288.66	−1.8	18.80	6.42	6.56	293.87	297.27	299.01	302.91	347.71
24	Entertainment, Catering (17)	287.71	−2.2	19.35	7.30	6.46	294.15	298.66	299.64	308.16	318.48
25	Food Manufacturing (19)	189.61	−1.8	21.76	8.01	5.67	193.17	194.93	196.30	197.99	221.90
26	Food Retailing (15)	294.17	−1.4	14.11	5.10	8.46	298.40	300.85	303.03	306.88	282.78
32	Newspapers, Publishing (13)	410.92	−1.8	24.56	7.37	5.56	418.39	420.77	427.15	426.72	426.66
33	Packaging and Paper (15)	125.27	−1.3	23.78	9.08	5.41	126.88	128.03	128.16	128.44	146.50
34	Stores (43)	215.13	−1.4	14.30	5.34	9.05	218.11	221.25	222.42	222.78	231.11
35	Textiles (24)	126.35	−0.7	28.10	12.19	4.48	127.23	128.40	128.27	129.66	183.71
36	Tobaccos (3)	197.86	−0.5	29.43	11.89	3.86	198.86	199.83	200.02	201.51	285.09
37	Toys and Games (5)	32.73	−2.6	45.94	15.50	2.68	33.61	34.15	34.50	35.00	93.07
41	OTHER GROUPS (97)	197.62	−1.2	17.53	7.32	6.84	199.98	202.94	202.66	204.61	217.89
42	Chemicals (17)	290.76	−0.4	21.05	8.18	5.44	291.84	296.36	292.43	296.52	304.91
43	Pharmaceutical Products (7)	201.83	−1.9	12.62	6.34	9.67	205.84	210.74	208.93	211.30	269.72
44	Office Equipment (6)	112.97	−1.4	18.82	7.23	6.13	114.58	114.55	116.52	115.94	145.53
45	Shipping (10)	457.40	−0.7	11.57	7.06	11.03	460.73	466.99	467.53	468.88	430.09
46	Miscellaneous (57)	232.19	−1.6	17.38	7.03	7.27	236.06	239.07	241.36	243.54	241.88
49	INDUSTRIAL GROUP (492)	221.13	−1.4	18.43	7.02	6.68	224.33	226.95	227.68	229.64	246.69
51	Oils (8)	730.42	−2.5	30.02	6.96	3.54	749.40	776.54	757.71	772.00	625.02
59	500 SHARE INDEX	261.41	−1.7	20.87	7.01	5.63	265.83	270.32	269.58	272.48	277.66
61	FINANCIAL GROUP (118)	188.68	−1.6	—	6.12	—	191.82	192.97	193.34	194.21	196.50
62	Banks (6)	206.17	−1.9	44.82	7.10	2.77	210.20	211.63	211.43	212.89	231.16
63	Discount Houses (10)	211.69	−0.7	—	9.43	—	213.23	212.19	212.19	212.92	241.80
64	Hire Purchase (5)	182.03	−2.4	18.05	5.45	7.20	186.48	185.20	185.55	187.90	177.06
65	Insurance (Life) (10)	168.59	−1.5	—	6.31	—	171.21	171.64	171.95	173.32	152.85
66	Insurance (Composite) (9)	122.94	−1.3	—	7.99	—	124.62	125.15	125.83	126.17	141.81
67	Insurance Brokers (10)	283.10	−0.6	17.50	6.92	8.12	284.68	283.67	283.06	285.98	338.03
68	Merchant Banks (14)	101.17	−0.5	—	6.09	—	101.68	102.19	102.57	102.57	93.88
69	Property (45)	358.08	−2.1	3.64	3.09	39.50	365.61	370.35	370.93	371.80	329.49
70	Miscellaneous (9)	126.26	−1.6	16.46	7.24	7.98	128.31	128.61	129.63	129.28	124.14
71	Investment Trusts (109)	210.12	−1.3	—	6.19	—	212.90	215.09	217.38	217.91	232.49
81	Mining Finance (4)	179.95	−4.5	12.81	4.91	9.48	188.49	192.05	198.05	197.53	131.13
91	Overseas Traders (19)	388.84	−1.8	13.00	6.92	9.43	396.16	395.67	397.19	398.39	369.70
99	ALL-SHARE INDEX (750)	244.01	−1.7	—	6.75	—	248.28	251.83	251.81	253.99	256.04

FIXED INTEREST PRICE INDICES

	British Government	Mon., Mar. 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	108.57	−0.09	—	2.30
2	5-15 years	103.11	−0.09	—	2.20
3	Over 15 years	107.23	−0.15	—	2.11
4	Irredeemables	118.44	—	—	1.78
5	All stocks	103.38	−0.11	—	2.16

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., Mar. 17	Fri., Mar. 14	Year ago (approx.)
1	Low Coupons	5 years	13.16	13.12	9.13
2		15 years	13.01	13.00	10.76
3		25 years	13.01	13.00	11.60
4	Medium Coupons	5 years	15.04	14.95	11.52
5		15 years	14.61	14.59	12.18
6		25 years	14.40	14.37	12.26
7	High Coupons	5 years	15.16	15.10	11.93
8		15 years	14.94	14.91	12.63
9		25 years	14.79	14.76	12.74
10	Irredeemables		12.51	12.50	11.35

		Mon., March 17 Index No.	Yield %	Fri. March 14	Thurs. March 13	Wed. March 12	Tues. March 11	Mon. March 10	Fri. March 7	Thurs. March 6	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	46.68	14.87	49.63	49.58	50.08	50.06	50.05	50.13	50.80	56.44
16	Investment Trust Prefs. (15)	47.91	13.88	47.91	47.70	47.70	47.70	47.61	47.65	47.56	50.18
17	Coml. and Indl. Prefs. (20)	61.34	14.60	61.81	61.45	61.36	61.25	61.14	61.08	61.04	71.87

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Premier Cons.	5p	13	53	−10	87	15½
Shell Transport	25p	11	356	−14	410	278
RTZ	25p	10	344	−16	492	226
Ultramar	25p	9	484	−22	526	197
BTR	25p	8	329	—	347	219
BP	25p	8	348	−4	414	220½
Burmah Oil	£1	8	194	−11	249	83
Furness Withy	£1	7	390	+5	400	218
GEC	25p	7	364	−4	456	311
Imp. Cont. Gas	£1	7	700	−36	778	358
LASMO	25p	7	425	−18	528	124
Lonrho	25p	7	90	−6	110	63
Cons. Gold Fields	25p	6	456	−20	617	173
Midland Bank	£1	6	322	−8	455	314
Tricentrol	25p	6	264	−14	336	148

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	350	14	2	—	—	—	—	346p
BP	360	—	—	27	2	44	—	"
BP	390	—	—	18	—	29	6	"
BP	420	2	6	—	—	—	—	"
Cons. Gold	360	102	1	122	—	—	—	457½p
Cons. Gold	420	42	39	70	—	—	—	"
Cons. Gold	460	22	42	44	—	62	—	"
Cons. Gold	500	7	20	26	—	40	—	"
Cons. Gold	550	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
Courtaulds	60	11	[illegible]	13½	—	16	—	69½p
Courtaulds	70	4	[illegible]	[illegible]	100	[illegible]	—	"
GEC	330	46	4	62	—	72	—	364p
GEC	360	[illegible]	[illegible]	40	[illegible]	[illegible]	—	"
GEC	390	[illegible]	[illegible]	27	—	[illegible]	—	"
ICI	330	[illegible]	[illegible]	[illegible]	—	[illegible]	—	361p
ICI	390	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
ICI	420	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
Land Secs.	280	17	10	28	—	[illegible]	—	237½p
Shell	300	60	5	64	—	—	—	356p
Shell	330	32	5	44	—	—	—	"
Shell	360	11	[illegible]	24	—	36	2	"
Shell	390	6	16	16	—	22	—	"
Shell	420	2	—	6	1	14	—	"
Totals			161		103		26	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Racal Elec.	180	26	21	35	—	—	—	205p
Racal Elec.	200	11	5	14	—	35	—	"
Racal Elec.	220	5	10	14	—	26	—	"
RTZ	360	27	3	45	5	55	3	342p
RTZ	390	12	4	27	4	38	1	"
RTZ	420	6	4	16	6	[illegible]	—	"
RTZ	500	1	4	5	—	6	—	"
Total			44		18		4	

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21
Apr. 21	May 2	Aug. 7	Aug. 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, Lonrho, Merchantile House, Ultramar, Tricentrol, Rivington Reed, BP, Shell, Lloyds Bank, Nat West, Queens Moat Houses, Carless Capel, Courtaulds, Provincial Laundries, Streeters of Godalming, Burmah, Helene of London, GRA, MFI and Siebens (UK). Puts were done in Berec, Fidelity Radio and Burmah, while doubles were completed in RTZ, Burmah, Woodside, Metal Box, Siebens (UK), BP and Assam Investments.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
50	F.P.	21/3	140	85	Barkley Exploration	85	−1	—	—	—	—
£1	F.P.	11/4	102	100	Child Health Res'ch.	101	—	—	—	—	—
10	F.P.	7/3	18	12	Lon.Merc't'Secs.Ord.	15	—	—	—	—	—
..	F.P.	7/3	29	20	Roche Plant 10p	29	—	—	—	—	—
‡44	F.P.	—	60	57	Webber Elct'Com 12½p	57	−1	1.7	3.5	4.2	7.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
‡‡	F.P.	—	37p	36½p	Aurora 3.85% Cum. Pref.	37p	—
‡‡120p	F.P.	15/2	129p	120p	Clifford (Chas.) 12% Cum. Pref.	116p	—
‡‡	F.P.	30/5	99p	93	Folkstone Dock 9½% Cum Red Pref.	93½	—
‡‡	F.P.	28/3	11½	11½	Globe Inv Tst 11½% Dbv Uns Ln '90-95	11½	—
‡‡	F.P.	21/3	1½	1½	Mid Kent Water 9% Red Pref. 1985	1½	—
£98	£10	24/4	97	95	Nk'm'hn'h & Uxbridge Wtr. 9% Red Pf. 1985	5	—
£10	£10	30/5	12	11	Sutton District Water 10pc Red Pref. 1985	10	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
135	Nil	21/3	2/5	32pm	AGB Research	24pm	−3
$24.50	Nil	—	—	15pm	Bank of Montreal	15pm	−3
330	F.P.	—	—	391	Cluff Oil	350	−30
63½	F.P.	22/2	28/3	69½	Edwards (Louis C.)	59	−5
10	F.P.	3/1	24/1	845	Hammerson Prop. A	805	−15
60cts	Nil	—	—	445pm	Pancontinental	260pm	−10

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ‡ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating ord. shares and 1 ord. share at R3.50 per unit. * Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds International Mgmt. [illegible]

M & G Group [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

Negit Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents. [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Utilife Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)(z)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (z)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(c)

J. Henry Schroder Wagg & Co. Ltd. (a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

Prices are in pence unless otherwise indicated.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

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Delta Group

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Dreyfus Intercontinental Inv. Fd.

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The English Association

Eurobond Holdings N.V.

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Fidelity Mgmt. Research (Jersey) Ltd.

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Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

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Hill Samuel Invest. Mgmt. Intnl.

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J.E.T. Managers (Jersey) Ltd.

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Leopold Joseph & Sons (Guernsey)

Kemp-Gee Managemt. Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

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FT SHARE INFORMATION SERVICE

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

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BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
430	97	Coronation	290	.....	†054c	2.2	11.1
680	132	Falcon Rh.50c	670	+20	†070c	3.7	11.5
48	11	Rhod'n Corp. 16²p.	39xd	.....	0.56	8.5	2.0
267	70	Roan Cons. K4	170	−10	†Q0.12	ϕ	4.5
67	26	Wankie Col. Rh.1	58	.....	Q9c	1.5	10.7
57	9	Zam.Cpr. SBD0.24	30	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
28	18	Acmex 50c	22	.....	—	—	—
24	4	ACM 20c.	13	−3	—	—	—
115	50	Bond Corp	80	−5	03.75	2.2	2.4
234	100	Bougainville 50 Toea	161	−1	Q39½c	ϕ	13.1
265	84	BH South 50c.	200	.....	—	—	—
25	11½	Canada Northwest	14	.....	—	—	—
54	8	Carr Boyd 20c	22	.....	—	—	—
£26	540	Central Pacific	£16	−1½	—	—	—
356	170	Conzinc Riotinto 50c.	242	−4	015c	ϕ	3.2
39	14	Cultus Pacific N.L.	25	−5	—	—	—
†50	21½	Eagle Corp. 10c	26	−2	—	—	—
26¼	11	Endeavour 20c	17¼	−1¼	—	—	—
258	62	G. M. Kalgoorlie 25c	175	−23	†03c	—	0.9

OIL & GAS

OVERSEAS TRADERS

TINS

COPPER

235	56	Messina R0.50	162	−13	Q10c	ϕ	3.1

MISCELLANEOUS

160	78½	Anglo-Dominion	145	.....	—	—	—
97	54	Carymin	75	−2	—	—	—
14½	10	Burma Mines 17½p	14	.....	—	—	—
502	170	Cons. Murch. 10c.	380	−10	Q100c	ϕ	15.1
585	280	Northgate C$1	415	−15	—	—	—
492	226	R.T.Z.	344	−16	†11.5	3.4	4.8
33	12	Robert Mines	33	+2	—	—	—
65	26	Sabina Inds. C$1.	39	−3	—	—	—
880	470	Tara Explo. $1	550	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	28	.....	Conv. 9% '80/82	£86¼	.....
Bertam	19	.....	Nat. 9¾% 84/89	£70⅝	.....
Bdg'wtr. Est. 50p	385	.....	Fin. 13% 97/02	£78	.....
Clover Croft	60	.....	Alliance Gas	60	.....
Craig & Rose £1	£10½	.....	Arnott	400	.....
Fife Forge	36	.....	Carroll (P.J.)	51	.....
Finlay Pkg. 5p	22	.....	Clondalkin	105	.....
Graig Ship. £1	£10½	.....	Concrete Prods.	65	.....
Higsons Brew	83	.....	Heiton (Hldgs.)	34	.....
Holt (Jos) 25p	255	.....	Ins. Corp.	235	.....
I.O.M. Stm. £1	160	.....	Irish Ropes	80	.....
Pearce (C. H.)	400	.....	Jacob	36	.....
Peel Mills	57	.....	T.M.G.	141xd	.....
Sheff. Refrshmt.	97½	.....	Unidare	103	.....
Sindall (Wm.)	165	.....			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	0	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lofs"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr.	9	Brit. Petroleum	38
Courtaulds	0	Midland Bank	30	Burmah Oil	20
Debenhams	0	N.E.I.	5	Charterhall	12
Distillers	21	Nat. West. Bank	32	KCA	11
Dunlop	5½	P & O Dfd.	9	Premier	12
Eagle Star	14	Plessey	16	Shell	35
F.N.F.C.	2½	Racal Elect.	28	Tricentrol	35
Gen. Accident	21	R.H.M.	4½	Ultramar	50
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	40	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Spillers	5½	Cons. Gold	52
G.U.S. 'A'	30	Tesco	7	Lonrho	12
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd.	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

FINANCIAL TIMES

Tuesday March 18 1980

Railways must free steel loads

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH RAIL was ordered by a High Court judge yesterday to release more than 500 tonnes of "blacked" steel from two Midlands freight depots.

Sir Robert Megarry, the Vice-Chancellor, said that British Rail's fears of industrial action against it being intensified did not justify its refusal to allow the steel to be moved from the depots at Wolverhampton and Brierley Hill.

The judge gave it 24 hours to consider the implications of his ruling and decide whether to appeal against it.

Last night the National Union of Railwaymen was considering what instructions to give its members, who have been blacking the steel in support of the national steel strike.

British Rail said that the local union official had said his members would co-operate in letting the steel out.

Earlier Mr. Sid Weighell, NUR general secretary, said he was taking legal advice. He added that if picket lines were set up by workers at the depot, his members would be told not to cross them. He was trying to find out who would have the job of moving the steel.

The court order was granted to the private steel stockholders Howard E. Perry, of Willenhall, Staffs., who had told the judge that the steel was urgently needed if their business was not to suffer and their workforce to face lay-offs.

The judge gave British Rail the choice of itself delivering the steel or allowing Perry's to collect it, using its own men and lorries so that railway workers need not be involved.

He said that the railways accepted that the steel was Perry's and had refused to release it only because it was feared that the NUR and the steel unions would object and step up industrial action.

"One cannot live very long in England these days without being aware that anything an employer does which is disliked by his employees can be complained of as 'aggro' and lead to industrial disruption."

There was an indirect threat to BR, but the courts ought not to let threats dominate their decisions. It was important that people's rights should not be curtailed by threats.

Perry's had a strong case to be allowed to collect the steel, while the railways' case was weak.

The judge could not say whether industrial action would be taken if British Rail allowed the steel to be collected, but, he said, the unions would no doubt bear in mind that it would be doing only what the court had ordered.

Sir Robert said that by refusing to release the steel the railways were committing an offence under the 1977 Torts (Interference With Goods) Act. He rejected the argument that Perry's could be adequately compensated later by an *award of damages*.

Damages would be an adequate remedy if Perry's could easily replace the steel. But, because of the strike, steel was not readily available on the market.

Mr. Alexander Irvine, QC, for Perry's, had remarked that in present circumstances, "steel *is gold*.

"One can see what he meant. But gold is still available on the open market for those who will pay the price."

Damages would be poor compensation for Perry's if a failure of supplies forced *staff* layoffs, disappointments to customers and possibly ultimate insolvency.

The judge allowed Perry's application, with costs against British Rail.

It seems unlikely to appeal against the ruling, and is expected to opt for the second alternative suggested by the judge, and allow Perry's to remove the steel.

Once it has done that, it cannot be held liable for any action by railmen or other trade unionists to block Perry's attempts to take the steel.

A legal source said that any obstruction by union members would be left to the police to deal with.

Such obstruction might amount to contempt of court, but to establish that, Perry's would have to identify the individuals concerned and apply to have them jailed on the basis that though not parties to the case they knew of the existence of the court order and were deliberately taking steps to frustrate it.

Advanced train unlikely for export

By David Fishlock, Science Editor

BRITAIN has little chance of exporting its 150 mph advanced passenger train, British Rail has told a Government sponsored inquiry into public sector research and development.

The results of the inquiry, by an Advisory Council for Applied Research and Development working party, were published yesterday.

Mr. Diarmuid Downs, the working party's chairman, said the Advanced Passenger Train was a major development tailored to the needs of the home market and kept firmly in the public sector.

BR said the train was "a *magnificent piece of engineering*." He had been disturbed to find that people in the railway industry did not think it would find an export market.

The report suggests that the technical competitiveness of British products in world markets would be greater if state-owned companies relied more on their suppliers and other research contractors and less on in-house research.

It is critical of the fact that about half of all research and development in Britain is carried out in the public sector.

The report urges the Government to encourage public *sector purchasers to find ways* of jointly planning and controlling research and development programmes.

Dr. Alfred Spinks, advisory council chairman, said that several of the councils reports to the Government in the past 18 months had stressed that Britain could not support advanced technology on a domestic market alone.

The Advanced Passenger Train, scheduled to come into prototype service on the electrified London-Glasgow route this summer, is being assembled by British Rail Engineering.

BR and the Ministry of Transport spent £10m on research and development for the train before BR committed a further £25m in the mid-1970s for the production of the three prototypes.

BR said last night that it was conducting a major investigation of its own into the *high manufacturing* costs pinpointed by the inquiry.

R & D for public purchasing. HMSO, £2.50.

£25m loan, Page 8
Financial goals, Page 9
Strike call, Page 9

THE LEX COLUMN

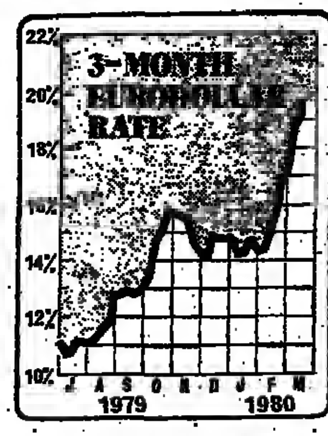
Springtime for the dollar

It was certainly a day for holding dollars. In response to the U.S. measures over the weekend the dollar surged ahead by more than 2 per cent against currencies like the DM and the French franc. Bond markets sagged in Europe, well ahead of the news from Wall Street of early weakness in bonds there, and short-term Eurodollar interest rates surged towards the 20 per cent level. Gold crashed, and there was no escape in equities, with widespread falls in European markets—including a new 1980 low for the Swiss index.

UK equities were unable to resist the international trend, which was reinforced by domestic concern about a PRT rise in oils. The FT 30-Share Index is *now at its lowest for two months*. Generally speaking, however, the sterling markets were comparatively little affected by the resurgence of the dollar. Sterling eased only some 1.3 per cent against the U.S. currency, and through solid gains against the Continental currencies held its trade-weighted index almost *unchanged at 72.2. Domestic* money rates rose only modestly, and the falls in gilt-edged were limited to ½ or ¾ of a point.

The feeling in London was that the American measures were of strictly limited relevance to UK markets; because international investors are currently too shell-shocked to be trading in gilt-edged, purely domestic considerations apply. Few UK fund managers are disposed to change their stance ahead of the Budget next Wednesday, though clearly these international developments will affect the market's eventual assessment of the appropriateness of Sir Geoffrey Howe's package.

Index fell 6.7 to 433.2



BTR

BTR's gravity defying profits performance continues. At a time when lower earnings have become the norm in manufacturing industry, BTR has reported an advance from £40.1m to £57.2m at the pre-tax level in 1979, after absorbing £4m of lost profit through strikes and £2m of unfavourable currency swings.

Companies acquired in 1978 made first-time contributions of nearly £4m, and a similar sum will have been saved in interest costs by the 1978 rights issue. But there is solid underlying growth and, having forecast a dividend of 10p during its takeover battle for Bestobell last summer, BTR has ended up paying 11.5p, 1.8 times covered by current cost earnings.

This year, the volume performance is unlikely to be so exciting, particularly in the U.S. and UK. But the Australian, South African and Continental European businesses are going ahead strongly. BTR believes it is still a long way from achieving optimum efficiency at some recently acquired businesses, and expects to hold or improve its pre-tax margins, which rose from 11.4 per cent to 13.2 per cent last year.

For 1980 it seems reasonable to look for something in the region of £67m pre-tax, which gives a p/e of around 11, fully taxed, on the shares at 329p. Beyond 1980, BTR may find itself at the stage where sheer size inhibits growth, but its record demands that it should be given the benefit of the doubt. The balance sheet shows net debt equivalent to only 20 per cent of shareholders' funds, which leaves the company well placed to look for acquisitions — the favourite area just now is South East Asia, and it is quite possible BTR may try again to get Bestobell some time after August.

Barratt Developments

The rise in the selling price of houses stayed ahead of costs in the six months to December, helping Barratt Developments to push up pre-tax profits by 41 *per cent to £11.5m. However*, there are now signs of a squeeze developing on margins, especially in the South East, where prices have risen more slowly than elsewhere since the turn of the year.

Barratt appears to have taken a series of steps to cushion the effect of the downturn. Its 33,000-plot land bank has been held steady so that it extends forward rather less than the customary three years. Budgeted house completions for the current year have been quietly reduced from 11,500 to 11,000. There is no sign of an extension of the mortgage subsidy scheme, due to end in April, while the secondhand house repurchase scheme is also being run down.

Profits for the year should be in the region of £24m. After yesterday's 8p fall in the share price to 118p this produces a prospective p/e of 3.6 fully-taxed and a yield of 15 per cent—a clear indication of the market's suspicions of the quality of the company's earnings. Several sizeable property purchases are adding to borrowings this year, pushing up the half-term debt/equity ratio from 56 to 62 per cent. But the company seems to be confident of confounding the City and sailing through the bottom of the cycle relatively unscathed.

Occidental to cut North Sea production

By James Joseph

OCCIDENTAL Petroleum has decided to cut production from its North Sea Piper Field by nearly 25 per cent for the next six month, which will reduce oil revenues to the company and its partners by more than $2m a day.

Piper production will fall from 270,000 to 200,000 barrels a day, beginning on April 1. The cut is being made "so that reservoir properties can be evaluated," said Occidental.

The Piper field partners are Occidental (36.5 per cent), Allied Chemical (20.0 per cent), Getty Oil (23.5 per cent) and the Thomson Organisation (20 per cent). The field is the second largest oil producer in the UK sector of the North Sea. Its oil production peaked last year at nearly 290,000 barrels a day.

Occidental says the reduction in flow will enable it to gauge the sensitivity of the reservoir to variations in the field's production rate and to "test the potential for maximising overall recovery." This will allow Occidental to determine the "most effective production profile," which will then be submitted to the Department of Energy for consideration.

It is understood that Occidental has recently experienced problems with gas pressure in the Piper reservoir. Gas output, which is sent ashore via the Frigg to St. Fergus pipeline, has fallen in recent months to 50m cubic feet a day from its previous level of 60m cubic feet a day. It is not clear how this has influenced the decision to cut oil production.

B-Cal wins Hong Kong route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN has been awarded rights to fly between Gatwick and Hong Kong. It plans to start operations in August with single fares *as low as* £100.

Two other applications for the route — from Cathay Pacific, the Hong Kong-based airline, and Laker — were rejected by the UK Civil Aviation Authority.

For Laker, it was the second rejection of a licence application within a week, the other being its proposal for a Skytrain-type network to European cities.

Yesterday's decision was immediately attacked by Mr. Michael Miles, managing director of Cathay Pacific. He said Hong Kong's "legitimate interests" were being treated in an "old-fashioned colonial way."

The authority said it accepted the evidence of the Hong Kong Government that the existing service provided by British Airways has not been adequate, and that the spur of competition from another airline was necessary. British Airways retains its rights on the route.

The CAA said it had rejected Cathay Pacific because it thought that two additional airlines on the route were not necessary, and that the aircraft it planned to use — the Boeing 747 — was too big. British Caledonian will use DC-10s.

Laker's application was rejected because it was aimed specifically "at the bottom end of the market" without offering any convincing evidence as to its size.

Potential

Taking account of both aircraft type and marketability of service, the CAA concluded that British Caledonian was best suited for the route.

While the authority had considered the possibility of licensing two additional airlines, it decided the potential market was not large enough for three airlines, including British Airways, to serve it profitably.

Mr. Adam Thomson, chairman of British Caledonian, said yesterday his airline would provide the widest possible choice of service and the lowest fares, including a £100 stand-by ticket. "The route will give us an important foothold in developing a major route gap from Gatwick—the Far East," he said.

Initially, British Caledonian will fly three times a week to Hong Kong via the Middle East. Flights will take about 15 hours.

British Caledonian is already seeking rights to extend the route to Manila.

Mr. Miles described the decision as "astounding" and one that would "infuriate the Hong Kong Government and people."

The CAA's decision to approve a DC-10 rather than a 747 service also had totally ignored the Cathay Pacific policy of buying British—more than £70m of Rolls-Royce engines for TriStar jets in recent years, he said.

"It also ignores the fact that the existing operator, British Airways, has been operating Boeing 747s profitably to Hong Kong for many years.

"Secondly, the authority, has over-ridden the normal reciprocal trading agreements which have long existed between Hong Kong and the UK by not allowing Hong Kong's airline to operate into Britain before allowing a second British operator on to the route."

BL expects more foreign deals

BY PHILIP RAWSTORNE

BL EXPECTS to sign further collaboration deals with foreign vehicle manufacturers this last year, Sir Michael Edwardes, BL chairman, said yesterday.

Talks have been going on with seven or eight companies in the United States and Europe, since the company's agreement with Honda for joint production of a saloon car in the UK, Sir Michael told a Press Gallery luncheon at the House of Commons.

"Some discussions have come to nought—because, for *example, they wanted to export* unemployment from France," he said.

But joint production deals, covering both trucks and cars, should be concluded later this year.

Sir Michael listed the agreement with Honda as one of BL's main achievements last year.

"I do not like being dependent on people outside the country to help us with our design," he said. "But we have not got the engineering resources. They have been eroded to the point where there are real problems."

BL is a small company by world standards and cannot carry out large-scale capital investment projects, he said.

"If we are efficient and effective, we can be profitable. But unless we collaborate along the Honda lines I do not think there is much hope."

Sir Michael said BL's recovery would take time and, he hinted, more Government funding. But he was optimistic about the company's prospects.

Sir Michael said BL's production and quality had improved markedly because of a growing sense of realism and stability in the workforce.

Weather

UK TODAY

MOSTLY CLOUDY, snow on hills, brighter in northern areas.

London, S. and E. England, E. Scotland and N. Ireland
Cloudy, occasional showers. Max. 5C (41F).

Wales, W. and N.W. England, Channel Islands
Cloudy, occasional rain, snow on hills, bright later. Max. 6C (43F).

W. Scotland, Isle of Man, Lake District
Mostly dry, bright intervals. Max. 6C (43F).

N.E. Scotland, Orkney and Shetland Islands
Scattered showers, bright intervals. Max. 3C (37F).

Outlook: Bright but showery in the East. Some snow in the South. Cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	Lisbon	C	14	57
Algiers	C	17	63	Locarno	a	10	50
Amsdm.	F	7	45	London	R	5	41
Athens	R	8	46	Luxmbg.	S	3	37
Bahrain	S	23	73	Luxor	F	28	82
Barclno.	C	14	57	Madrid	F	11	52
Belfast	R	3	37	Majorca	F	14	57
Belgrd.	C	6	43	*Malaga*	C	14	57
Berlin	F	5	41	Malta	R	13	55
Biarritz	S	9	48	M'chstr.	C	4	39
Bmghm.	C	5	41	Molbna.	a	23	74
Blackpl.	R	4	39	Milan	C	10	50
Bordx.	C	5	41	Mntreal.	C	−2	28
Boulgn.	C	6	43	Moscow	C	−4	25
Bristol	C	6	43	Munich	F	7	45
Brussels	C	7	45	Nairobi	S	25	76
Budpst.	S	9	48	Naples	F	14	57
B. Aires	S	32	90	Nwcstl.	R	2	36
Cairo	S	23	74	N. York	C	13	54
Cardiff	F	6	43	*Nice*	S	15	59
Cas'b'ca	C	18	64	Nicosia	C	17	63
Cape T.	S	20	68	Oporto	F	15	59
Chicago	C	2	36	Oslo	C	2	36
Cologne	C	5	41	Paris	C	5	41
Cpnhgn.	F	4	39	Perth	S	25	76
Corfu	C	13	55	Prague	S	9	48
Dublin	R	5	41	Reykjvk.	C	2	36
Dbrvnk.	C	13	55	Rhodes	C	12	54
Ednbgh.	R	3	37	Rio J'o	S	32	89
Faro.	R	14	57	Rome	F	15	59
Florence	F	12	54	Salzbrg.	S	10	50
Frankft.	C	9	48	Singapr.	C	31	87
Funchal	C	15	59	Stckhm.	C	−3	27
Geneva	S	8	48	Strasbg.	C	8	46
Gibrltr.	R	13	55	Sydney	C	25	77
Glasgow	R	3	37	Tangier	R	12	54
G'rnsey	R	5	41	Tehran	S	10	50
Helsinki	S	−5	23	Tel Aviv	F	17	63
H. Kong.	C	24	75	Tokyo	C	10	50
Innsbrk.	S	12	54	Toronto	C	3	38
Invrnss.	R	4	39	Tunis	C	14	57
I.o.Man	R	3	37	Valencia	C	14	57
Istanbul	C	8	43	Venice	S	10	50
Jersey	R	5	41	Vienna	S	6	43
Jo'burg	C	20	68	Warsaw	F	6	43
L. Plms.	C	18	64	Zurich	C	5	43

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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Carter reaction

and other commodities held up due to the fall of sterling against the dollar, which means an automatic adjustment upwards in London market values.

Free market platinum was hardest hit. Its dollar price dropped by $100 to $640 a troy ounce, $400 below the all-time peak reached less than a fortnight ago. The sterling price yesterday was cut by £41.55 to £292.90.

Silver fell below $10 an oz for the first time since mid-December. The London bullion market spot quotation was cut by 187.05p to 877.05p a troy oz, nearly £13 lower than the record of over £21 in mid-January.

On the London Metal Exchange copper cash wirebars dropped below £1,000, losing £15 to £998 a tonne.

But the decline was limited by the fact that the market had already fallen sharply in anticipation of the anti-inflation package.

There was a similar story in other base metals, lead, tin and zinc.

Nevertheless, dealers were gloomy about the future, pointing out that the proposed cut in U.S. Government spending, and the credit curbs, would almost certainly reduce demand for copper and other metals.

● Stewart Fleming and Ian Hargreaves in New York write: Though gold prices plunged in New York in response to the package, there were conflicting signals from other less speculative *financial* markets. *During* the morning, in light trading, the Dow Jones industrial average fell almost 10 points in early nervous trading.

Rhodesia to lift martial law within a few days

BY MICHAEL HOLMAN IN SALISBURY

MARTIAL LAW affecting more than 90 per cent of Rhodesia will be lifted within the next few days following a fall in the level of violence.

At the same time a further 2,000 guerrillas have reported to their designated assembly places, and all but one of the remaining 1,279 prisoners held without trial under martial law have been released.

These moves reflect a steady return to stability in the wake of the electoral victory of Mr. Robert Mugabe, the new Prime Minister.

The fresh guerrilla intake, joining some 22,000 men who entered the camps under the ceasefire agreement, also reflects a growing confidence in Rhodesian regular soldiers and police, who took over administration of the centres following withdrawal of the Commonwealth ceasefire monitoring force.

It is widely expected that the men, most of whom are loyal to the new Prime Minister, were ordered at the outset of the ceasefire to remain outside the camps until further notice.

The influx may also reflect therefore the new Government's confidence in both the general security situation and arrangements under way to integrate regular and guerrilla armies.

The two developments are the latest in a series of steps to bring Rhodesia back to normality after the seven-year war in which more than 20,000 people died.

Curfew regulations in most parts of the country were lifted last week, and the 300,000 tribespeople forced to live in "protected villages" are free to leave the fenced compounds.

The martial law regulation, introduced in September, 1978, following the shooting down of a *civilian airliner, gave the* military wide-ranging authority. It included detention without trial and introduction of special courts with power to pass the death sentence.

Over 5,000 prisoners were held under the regulations when the Governor, Lord Soames, arrived last December. A further number of detainees held under 30-day detention orders in times of Emergency Power Regulations, unofficially put at "some hundreds," have also been released.

There are now 24,700 men in the assembly places, compared to 22,712 at the end of February. Nearly 1,700 of these entered the camps over a three-day period from March 14-16.

Aid options, Page 3

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Steel

own ballot and refused arbitration.

In its last ballot, the BSC achieved a majority of more than two-to-one in favour of a vote on the pay offer itself. But the result was claimed as a victory by the unions because abstentions and No votes meant that only 44 per cent of the total workforce voted in the BSC's favour.

International trade union leaders from transport unions will be meeting in London today and tomorrow and will be asked by the National Union of Railwaymen to "tighten the screws" on shipments of steel from the Continent. The NUR has stopped all movement of steel by rail in Britain.

Plea for higher VAT threshold

PLEAS FOR relief from the "crippling" 17 per cent Minimum Lending Rate, an increased VAT threshold, and a shift from direct to indirect taxation have been made to the Chancellor by the 5,000-strong Forum of Private Business.

The Forum also wants reduced spending on social security and more expenditure on law and order, defence, education and health.

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